

FINANCIAL TIMES

Weekend FT
High drama of the
science laboratory

SECTION II

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of Lost Wages

Francois Pienaar, rugby's
Springbok inspiration

World Business Newspaper

WEEKEND NOVEMBER 18/NOVEMBER 19 1995

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Skiing: Sweden's winter sector
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Bosnia peace talks close to 'make or break' point

Senior US government officials headed for the Bosnian peace talks in Ohio amid speculation that a make or break point could come in the next few days.

US defence secretary, William Perry, arrived with a view to fine-tuning military arrangements in a Bosnian peace deal, including a controversial proposal to deploy about 20,000 US troops as part of a Nato-led peacekeeping force. Page 22; Lafontaine quick to act on use of German troops, Page 2

British PM stands firm on IRA arms: British prime minister John Major warned that his government would not back down from its insistence on IRA arms decommissioning before Sinn Féin, the republican movement's political arm, is allowed to join all-party peace talks. Page 4

Algeria celebrates Zerkouli win: Algerians took to the streets to celebrate the presidential victory of 54-year-old Liamine Zerkouli, who won 61.94 per cent of the vote in Thursday's election. Page 3; Army's man holds key to peace, Page 9

Sterling hits new low: Sterling slipped to a new historic low of DM2.1715 against the D-Mark, below the previous low of DM2.1705, reached on May 9. The trade weighted index also finished at a new low of 82.3. Currencies, Page 10

London shares reflect Wall St highs:

The FT-SE 100 index reached another all-time intraday high in the wake of Thursday's strong rise on Wall Street. In London, the FT-SE 100 closed down 1.6 at 3,803.2, well clear of the 3,600 passed on Thursday. Over the week, the index rose 85.8, or nearly 2.5 per cent. In New York, the Dow Jones Industrial Average was up 6.14 for a new record of 4975.50 shortly before closing. Page 18; World stocks, Page 17

Nissan to stop sports car exports to UK: Nissan will pull out of the US sports car market next year, suspending exports of its once popular 300ZX model, due to poor sales and stricter US rules on vehicle emissions. Page 6

Free trade plan splits Asean Asia Pacific Economic Co-operation trade and foreign ministers were split over how to implement their plan for free trade and investment in the region by 2020. Page 3

TNT, the Australian transportation group, unveiled an outline agreement to sell its 50 per cent stake in Australian airline, Ansett, to Air New Zealand for A\$425m (US\$314.8m). Page 6

HK judge attacks bill of rights: Hong Kong's chief justice, Sir T. H. Yang, fuelled the controversy over the colony's Bill of Rights saying that the law could cause "chaos" in the courts. Page 3

Strong yen hits Honda results: Japanese carmaker Honda saw first-half profits slide 28 per cent to Y40.8bn (\$388m), against Y68.7bn, after being hit by the yen's appreciation. Page 6

Sweden ends bank crisis guarantees: Sweden signalled the end of the crisis which brought the country's banking system to the brink of collapse three years ago - and which cost the taxpayer SKr65bn (\$9.81bn) - was over. Page 2; Lex, Page 22

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Plan for Germany to buy more jets and keep 30% of production Eurofighter deal may end dispute

By Bernard Gray,
Defence Correspondent

Britain and Germany have reached an outline deal on how to divide work on the Eurofighter. The agreement could end several months of deadlock on the £3.2bn (\$50.8bn) project.

Officials in the two countries have proposed that Germany increase its purchase of Eurofighters by 30 or 40 to about 180 and the UK cut its purchase by about 10 to 240 aircraft.

This would allow Germany to keep the 30 per cent of production work the German government says it needs to get parliamentary approval for the

controversial aircraft. The deal requires ministerial approval in Germany before it can be signed. It would also need approval from the Bundestag budget committee, which has been critical of the project in the past.

In 1992 Germany cut the number of Eurofighters it said it wanted to buy from 250 to 140. According to the inter-governmental agreement which controls the project, that should have cut its share of production from 33 per cent of the programme to 23 per cent.

The German government has been refusing to accept the lower share of work, arguing that the German parliament would not

accept the country's participation at a lower level. Germany also argues that it has funded one third of the development work on the aircraft and that this entitles it to a higher share.

To resolve the dispute, Britain recommended in June that Germany should be allowed to have the 30 per cent share of work it says it needs and that in return British Aerospace should be allowed to take over management of the project from the four-nation company committee Eurofighter GmbH. The other two partners are Italy and Spain.

Daimler-Benz Aerospace (Dasa), the main German contractor on Eurofighter, refused to

accept the deal because it did not want to accept a lower status in the project. Eurofighter is also thought to have significant export potential, and Dasa did not want to cede this profitable business to BAe.

Now the two sides have agreed that with Italy and Spain also cutting their number of aircraft slightly, the likely purchases by the four partner countries are likely to be a little over 600 Eurofighters.

If Germany increases its order from 140 to 180 fighters it will be entitled to the 30 per cent of work it claims without having to cede management control of the project.

An increased German order would cost the government about £1.5bn, and would be a useful boost for Dasa at a time when the company's commercial aircraft business is suffering badly, and the German aerospace industry has been lobbying the government hard to increase orders.

In response, Mr Volker Rühe, Germany's defence minister, recently announced that the government was ready to fund development of the Future Large Aircraft, a military transporter. The proposed increase in Eurofighters may also be part of that effort to help the industry.

Lex, Page 22

ANC sanctions threat to Shell over Nigeria

By Simon Kuper and David
Lascelles in London

The African National Congress warned yesterday it was considering punishment of Shell in South Africa, including launching a consumer boycott and government sanctions, because of the oil company's continuing investment in Nigeria.

Mr Cyril Ramaphosa, secretary-general of the ANC, the main party in South Africa's coalition government, said in London economic action against Shell was being considered unless the company withdrew from a planned gas project and from other business in Nigeria.

South Africa has been leading an international campaign against Nigeria since the country's government executed Mr Ken Saro-Wiwa, the author, and eight other activists a week ago. But any action by the ANC would be a blow for Shell, which had previously enjoyed good relations with the ruling party.

Shell stayed in South Africa

throughout the apartheid era, but promoted racial equality within its operations there. The ANC occupies Shell's former offices in Johannesburg.

Mr Ramaphosa said Shell's decision this week to proceed with a \$3.6bn liquefied natural gas (LNG) plant was "really despicable". He accused the company of "arrogant defiance of the international community and the people of Nigeria". Shell, he said, had also shown a "total disregard for the environment".

Shell, the largest foreign investor in the LNG project, said last night it could not comment on Mr Ramaphosa's threat until it knew what form any punitive measures might take.

Shell owns, jointly with BP, the country's largest refinery in Durban, and is a major marketer of petrol. It also has interests in metals and coal mining. The company does not release details of the profits it earns from its South African operations. Mr Rama-

Continued on Page 23



Polish president Lech Walesa throws a rose back to supporters in Krakow while campaigning for tomorrow's presidential election. Run-off vote finely balanced, Page 2

Anger as Chirac cancels talks after N-test vote

By David Buchan in Paris and
Robert Graham in Rome

An unusually bitter diplomatic row broke out yesterday when French President Jacques Chirac cancelled meetings next week with the Italian and Belgian leaders in anger at their support for a United Nations resolution condemning nuclear tests.

Mr Chirac's decision to boycott a summit with Mr Lamberto Dini, the Italian prime minister, set for November 24-25 in Naples, was unprecedented and prompted a note from Mr Dini expressing "deep bitterness".

It was the first time one of the regular series of annual summit meetings of leaders of the larger European Union countries has been cancelled for overtly political reasons.

Mr Chirac also cancelled a planned lunch with Mr Jean-Luc Dehaene, the Belgian prime minister, in Paris on Wednesday. A spokeswoman for Mr Dehaene said Belgium had been "put in the same boat" as other EU countries critical of France's nuclear testing.

The cancellations reflected Mr Chirac's sensitivity to official criticism, particularly within Europe, to his resumption of testing in the south Pacific. The fourth in the series of tests is expected this weekend.

The cancellation of the Italian summit came in spite of a letter from Mr Dini to Mr Chirac on Thursday warning him of Italy's impending vote in the hope the summit would not be soured or postponed.

A spokesman for Mr Dini's office said the government was bound to respect a parliamentary motion on October 17 calling on Italy to voice opposition to continued French testing. Officials also underlined that Italy was only one of 10 EU members which on Thursday joined 85 other countries at the UN in condemning nuclear

Continued on Page 22

London's trading status 'could suffer' if UK stays out of Emu

By Andrew Fisher in Frankfurt

London could suffer as a financial centre if Britain does not join the planned European monetary union due to start in 1999, Lord Alexander, the chairman of National Westminster Bank, Britain's biggest bank, warned yesterday.

"We could lose the centre of gravity in very important trading markets," he said. He warned that currency risk could undermine London's role as the first point of entry for a large part of direct investment in Europe from countries such as the US, Japan, South Korea and Taiwan.

The warning came during a European banking congress in Frankfurt attended by Mr Hans Tietmeyer, president of the Bundesbank, Mr Eddis George, governor of the Bank of England, Mr Alexandre Lamfalussy, head of the European Monetary Institute (forerunner of a European central bank) and other leading European bankers.

Mr George argued against minimum reserves for a European single currency area. Such a system, in which banks lodge part of their deposits with the central bank, is operated by the Bundesbank.

But Mr Tietmeyer yesterday repeated that the reserve requirement should also be applied to Emu, along with other German-style instruments such as money supply targets. "I regard minimum reserve requirements as indispensable for the future European central bank," he said.

Lord Alexander said big foreign investors would have to ask themselves if they wanted to keep investing through Britain if they had to face a currency risk because the country was outside Emu.

Currency union would also encourage the development of cross-border financial institutions and the UK could be excluded from this. "In the risk business, London is the financial capital of Europe," Lord Alexander added. "This is a great asset and we want to keep it." If the UK stayed out of Emu, "our trade in money and bond markets could be threatened if the ECB [the proposed European central bank] develops central trading from Frankfurt."

STOCK MARKET INDICES

FT-SE 100: 3,803.2 (-1.6)	US LUNCHTIME RATES	STERLING	DOLLAR
Yield: 5.98	Federal Funds: 5.4%	New York lunchtime: 1.5610	New York lunchtime: 1.40275
FT-SE Eurotrack 100: 1,492.88 (+0.28)	3-m Treas Bill: Yld: 5.482%	London: 1.5610	DM 1.40275
FT-SE-A All-Share: 1,788.80 (+0.09)	Long Bond: 100%	Yield: 6.246%	FFY 4.8425
Nikkei: 18,181.18 (+11.84)			SF 1.38
New York: 4,980.32 (-0.03)			Y: 101.88
Dow Jones Ind Ave: 4,980.32 (-0.03)			DM 1.40275 (1.4028)
S & P Composite: 897.51 (+0.17)			FFY 4.8425 (4.8398)
			SF 1.38 (1.38)
			Y: 101.88 (102.22)
			\$ Index: 82.3 (82.7)
			Tokyo close: Y 101.88

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BRITAIN'S LEADING INVESTMENT HOUSE

NEWS: EUROPE

Both candidates are backed by powerful institutions

Polish race for president finely poised

By Christopher Bobinski in Warsaw and Anthony Robinson in London

A few thousand votes either way could decide the outcome of Poland's presidential election tomorrow, after the first round two weeks ago revealed a nation split between supporters of Mr Lech Walesa, the incumbent, and Mr Alexander Kwasniewski, the former communist.

Both men have powerful institutions behind them. Mr Walesa, the former shipyard electrician whose anti-communist Solidarity movement undermined the Soviet empire six years ago, has been openly backed over the last two weeks by the Roman Catholic church. In the first round, where a dozen candidates were competing for the anti-communist vote, the church was more circumspect.

Mr Kwasniewski, who won 35 per cent of the vote to Mr Walesa's 33 per cent in the initial ballot, can count on the disciplined voting traditions of the former communists.

They switched allegiance to Mr Kwasniewski's brand of social democracy five years ago.

But the final arbiters of tomorrow's vote will be the 30 per cent of Poles who did not support either man in the first

round and now have to decide which of two hitherto unpalatable candidates represents the best guarantor of Polish liberties and prosperity.

As recently as September Mr Walesa could count on only 10 per cent of support, and millions of Poles said they would not vote for him under any circumstances.

Others, viscerally anti-communist after nearly five decades of Soviet-backed rule, swore never to vote for a former communist, not even for one as young as Mr Kwasniewski, who was not even born in 1944 when the Red Army brought communism in its wake.

Under these circumstances the number of stay-at-homes may prove decisive in tipping the balance.

This is an election about the style of the presidency more than the substance of politics.

It takes place against a background of rising prosperity and falling unemployment.

The five years since Poland's first free presidential election have seen free-market reform take root and neither of the candidates is seen as a threat to its continuation. After decades of poverty and nearly 20 years of political volatility, most Poles are now more interested in making money than in politics.

Dini approves tough new law on immigration

By Robert Graham in Rome

Italy's government has approved a controversial decree restricting immigration and imposing tougher sanctions on illegal immigrants.

The full text will be released over the weekend as the political parties and government legal experts negotiate the final details. Church-run charities and groups on the left have criticised the laws as too draconian and a breach of basic human rights.

The tough new stand has been forced by growing signs of racism and increased tension in the big cities with large illegal immigrant populations. The populist Northern League has taken the lead in demanding quick and more effective expulsion of immigrants.

The government is reacting to growing signs of racism

The League's position has been dictated in large measure by the need to combat the increased popularity of the right-wing National Alliance (AN) of Mr Gianfranco Fini in its northern heartland, where immigration has become a big political issue.

The League has threatened to vote against the 1996 budget unless its proposals are incorporated into the new laws. Without the League's backing, the Dini government would lack a parliamentary majority for the budget.

As a result the party of the Democratic Left - the government's main backer - has

accepted legislation it originally rejected as being too anti-immigrant.

The decree aims to close loopholes in the five-year-old Martelli law, which meant that fewer than a sixth of those served each year with expulsion orders actually leave the country. This will be resolved by quick (6-10 days) expulsion for those caught committing crimes and for those convicted of crimes with prison sentences of less than three years. Illegal immigrants unable to regularise their status will also be expelled.

Those trafficking in illicit immigrant labour will face stiffer sentences associated with Mafia offences. Employers will be encouraged to regularise the social security position of immigrants.

Only one third of those with permits pay social security contributions. Provision is made for immigrants to obtain a return of social security contributions if they leave before pensionable age.

The decree seeks to address the problem of the large number of single males by allowing for family members to come to Italy where minimum monthly earnings are proven.

There will also be annual ceilings on new work permits similar to those applied by Australia.

Italy has 818,000 people registered as coming from non-EU countries, of whom 15 per cent come from North Africa and 12 per cent from Albania and the former Yugoslavia.

A further 250,000 to 500,000 are believed to be in the country without permits either because their temporary permits have lapsed or because they have entered clandestinely, usually with the help of organised crime.

Sweden to end banking crisis guarantees

By Christopher Brown-Humes in Stockholm

The Swedish government yesterday signalled that the crisis which brought the country's banking system to the brink of collapse three years ago - and which cost the taxpayer SKr65bn (€8.2bn) - was over.

It said it planned to remove next July the state's bank support guarantee, a blanket undertaking to creditors and depositors to meet all commitments.

The scheme has been in place since

late 1992, the peak of the crisis. The proposal is backed by the minority Social Democratic government and the four opposition parties which were in power when the commitment was made. It will be put before parliament, following consultation, next spring.

The ministry of finance said Sweden's banking sector was now firmly back in profit and credit losses had fallen dramatically from the levels which triggered the 1992 crisis.

"We believe banks' balance sheets are back to normal levels and they

have a shock absorption capacity," said Mr Leif Pagrotsky, top adviser to Mr Göran Persson, finance minister.

The 1992 crisis was so severe that two of the country's four leading banks, Nordbanken and Gota Bank, were taken over by the state. In the same year, the banking system suffered SKr73bn of credit losses, mainly linked to collapsing real estate values, and operating losses of SKr50bn. By the first half of this year, credit losses had sunk to SKr7bn - about 1 per cent of total lending - and profits of SKr7.7bn were achieved.

Nearly all of the SKr65bn bail-out funds were used to support Nordbanken and Gota Bank and the separate "bad banks", Securum and Retrixa, which they spawned. Nordbanken and Gota Bank were merged in late 1993. The support mechanisms and the "bad bank" concept were widely praised for promoting stability and minimising damage to the system, although there was criticism that Nordbanken received an unfair competitive advantage from the help it gained.

The finance ministry says it hopes

to recoup at least SKr40bn of the support provided. It recently sold a 34.5 stake in Nordbanken to institutions and retail investors for SKr4.7bn. It has already received SKr3.75bn in dividends from Nordbanken.

It will recover further funds from privatising the rest of Nordbanken and from winding up Securum, which has converted many of Nordbanken's loan assets and is now selling them. Mr Pagrotsky said: "The value of the assets we now own is around SKr40bn, but if the real estate market rises, we may get even more."

Cities in need of window dressing

Judy Dempsey on the threat to east German inner cities from out-of-town shopping centres

In the winter evenings, especially, they can be seen a long way off from east Germany's poorly lit motorways, emerging from the dark with flags flying and neon signs advertising drinks, furniture, carpets and garden tools. There are vast areas for parking and almost always the big M of the McDonald's fast food restaurants.

They are the *Grünen Wiesen* (green fields), giant out-of-town shopping centres that began to spring up throughout the eastern part of the country five years ago.

And they are the bane of planners and developers in the region's inner cities. "These centres have sapped the inner city of life and income," said Mr Steffen Kern, of Germany's association of retailers, the RDE.

Many east German cities and villages resemble ghost towns after hours, with little entertainment, dim street lighting and dull bars.

Things could change - although it is not yet clear whether for better or worse - now that the German government has agreed to introduce longer shopping hours. If Mr Klaus Töpfer, the planning and construction minister, manages to persuade the country's legislators to apply these longer hours to the inner cities only, east Germany's towns might live up a little, attracting shoppers and even new residents.

If Mr Töpfer is unsuccessful - and it is difficult to guess which way the legislature will go on the issue since the parties are themselves split on longer shopping hours - the *Grünen Wiesen* are likely to carry on thriving at the expense of the inner cities.

Either way, the inner cities have a lot of catching up to do.

Unlike in west Germany - where planning is strict, local Green environmentalist groups are strong and land expensive - there were few restrictions in eastern Germany after unification in 1990. Local authorities, anxious to reap the benefits of large sales taxes, sold land to retailers for as little as DM3/sq metre and gave planning permission for shopping centres.

For example, Günthersdorf, a village of 650 inhabitants situated a few miles from Leipzig, gave permission for a 100,000 sq metre shopping complex which surrounds the village and is expected to build up an annual turnover of DM350m (€28m). Günthersdorf receives a handsome return in sales tax.

East Germany now has 2.3 shopping centres per million inhabitants, compared with 1.8 in western Germany. The ratio between shopping in the cities and out-of-town centres is 15:80 in the east compared with 50:50 in the west.

But availability of cheap land and the absence of pressure groups and planning regulations were not the only reasons why the large retailers chose to locate outside east Germany's cities and towns.

The German unification treaty of 1990 entitles owners who had had property confiscated by the Nazis between 1933 and 1945 and by the communists between 1949 and 1990 to restitution or compensation. Most claims are in cities and towns, and there is often more than one claim on a piece of property.

"This has held up all kinds of investment," said Mr Kern. Since 1990, only one half of the 2.5m claims on 2.1m properties have been resolved.

But even when small retailers overcome property disputes and establish themselves in the

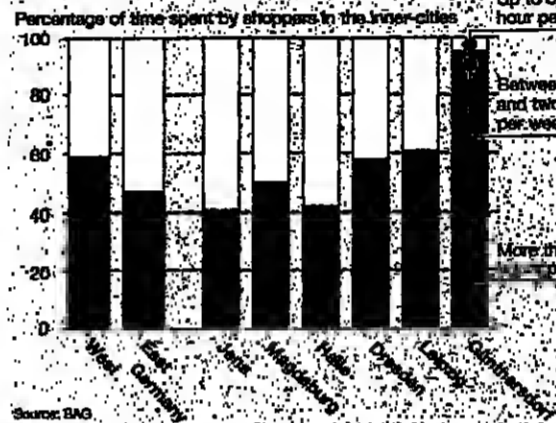


Dresden (above) finds it hard to compete against the Grün Wiesen's bright lights

Tony Anderson

Germany: town centres under pressure

Percentage of time spent by shoppers in the inner cities Up to one hour per week



Source: RDE

inner cities, they face considerable expense and more pressure, this time from the state-funded conservation organisations, or *Denkmalschutz*.

"The former communist regime, fortunately, had no money to destroy the inner cities and build ugly concrete boxes. Nor did they have the money to preserve the old buildings, which is now our task," said Mr Gotthard Voss, who is responsible for preserving monuments and buildings in Saxony-Anhalt.

"We are not hindering investment. We are not being bureaucratic. But we want retailers to design shops which blend in with the local architecture," he said.

"We try to limit the size of the buildings and come up with ideas about shop fronts which are elegant. We are not idealists or romantics. We just don't want our cities to be destroyed by crazy planning where investors think they can come in and develop anyway they like."

Mr Johann Hellwege, head of the federal association for small retailers, said investing in the inner cities could be pro-

hibitive. "The cost of renovating a listed building - one which has a preservation order - is the equivalent to building three family houses."

Mr Wolfgang Hähle, department head at Saxony's conservation office, reckoned it cost DM3,000-DM6,000 (€2,740) to renovate one square metre of listed property. None of the east German cities can afford such expenses - local authori-

ties are indebted to the sum of DM23bn.

This means that retailers and conservationists have little choice but to co-operate. "It's the only way to revitalise the inner cities, improve the infrastructure and maintain the character of the cities," said Mr Peter Fürthmann, manager of Shopping Centre Consulting, which specialises in renting retail space.

Liberalised retail sector is essential for the economy, claims Carrefour chief

One of France's leading retailers yesterday launched an attack on his country's two-year-old clampdown on large out-of-town retail developments, 10 days before the government is due to announce its policy on the retail sector, writes Neil Buckley and Andrew Jack in Paris.

Mr Daniel Bernard, chairman of Carrefour, France's largest integrated grocery retailer, said in an interview that a liberalised retail sector was essential to the development of the economy. He rejected criticism that hypermarkets were destroying the country's network of small retailers.

His comments follow growing hostility towards out-of-town developments from French political leaders including Mr Alain Juppé, the Gaullist prime minister, Mr Jean Arthuis, the economics and finance minister, and Mr Jean-

French retailer backs out-of-town stores

Pierre Raffarin, minister for small business and commerce.

Mr Edouard Balladur, former prime minister, imposed a freeze on new large-scale retail developments in April 1993. The government is expected to maintain a tough line when it announces its new policy on November 27. Mr Raffarin said recently that France was "saturated" by hypermarkets and last week Mr Arthuis accused retailers of attempting to use their power to pass on increases in value

added tax to their suppliers.

Mr Bernard yesterday said the government should not "protect the market share of bad retailers" by blocking planning permission for new developments. "Modern retailing is like an engine for the total chain of consumer goods," he said. "We are very competitive, we take only a small profit on the goods, so we can distribute more buying power to the nation, which means there is more [demand] for products."

He added that Carrefour and other

large retailers helped support local economies by providing farmers and other suppliers with a large and secure market.

Last month Mr Juppé, who is also mayor of Bordeaux, said he was "fed up" with large retail developments encroaching French towns. A day later he presented Mr Bernard with the French magazine *Nouvel Economiste's* manager of the year award.

Mr Bernard argued that further moves by the government to block large retail developments would still benefit his company and its competitors. "We hope we can build more stores," he said.

"If we can't, we say that is bad, but we can profit from that. It is wrong for the government to protect market share. It is bad for the buying power of the people."

Pujol poised for Catalan victory

By Tom Burns in Barcelona

Catalonia goes to the polls tomorrow in the last electoral test for the government before general elections, due in March.

The outcome for the Barcelona-based regional parliament appears beyond doubt. Opinion polls indicate that Mr Jordi Pujol, veteran leader of the mainstream Catalan nationalist coalition *Convergència i Unió* (CIU), will win a slim term as president of Spain's most developed and economically balanced area.

But behind the strong backing for Mr Pujol there is a battle between Spain's two main political groups - Prime Minister Felipe González's Socialist party and opposition leader Mr José María Aznar's conservative Popular Party (PP).

A sharp fall in support for the Socialist party, traditionally CIU's main rival, and a good performance by the PP, which has only a token presence in the 135-member Catalan parliament but which is 10 points ahead of the Socialists in national opinion polls, could set the stage for a national win for the PP.

The attention focused on Catalonia's elections reflects the isolation of Mr González, humiliated last month when the Madrid parliament refused to approve his draft 1996 budget. It also reflects the emergence over the past two years of Mr Pujol as a power broker at national level. After the 1993 general elections he helped prop up the Socialist minority government.

Embarrassed by the succession of scandals which have rocked the government, he ended his support in the summer, ensuring rejection of the 1996 budget and precipitating the prime minister's decision to call a March poll, more than a year before general elections are due.

By backing the Socialists, and then dumping them, Mr Pujol has bolstered his ratings in Catalonia, especially among the business community.

Mr Aznar's national opinion poll lead would see him in power in a minority administration in spring. Mr Pujol, strong in his home territory of Catalonia and with a handful of CIU MPs in Madrid's 350-member Congress, would then have some leverage on him.

Lafontaine quick to act on use of German troops

By Peter Norman in Mannheim

Mr Oskar Lafontaine, newly elected leader of Germany's opposition Social Democratic party, yesterday imposed strict conditions on SPD support for any participation of German troops in peace enforcement in the former Yugoslavia.

In a move that indicated a leftward shift in the SPD's foreign policy - resisted by Mr Rudolf Scharping, the SPD's former chairman - the party's congress agreed by a large majority that any deployment of German forces in the former Yugoslavia should exclude combat troops and the use of German Tornado fighter jets.

SPD support for deployment of German troops was also made contingent on there being a clear, time-limited United Nations mandate that left political responsibility for the operation with the UN.

The move would also have to be agreed with all warring parties to German involvement and the participation of Russian and Islamic troops in any military operation.

At a press conference, Mr Lafontaine said the party

wanted a new security architecture for Europe that would involve central Europe and Russia. But he pledged the SPD would remain internationally oriented and, as "the European party of Germany", would seek European political union.

The congress approved a resolution backing economic and monetary union. But this depended on EMU members agreeing a "stability pact" to buttress the Maastricht treaty and a joint approach to income and employment policies that would necessitate acceptance of the EU's social chapter by all EMU member states.

Mr Lafontaine said the party had a modern economic programme for Germany. Like the government, it wanted to lower the costs of German industry. But it also wanted more research and development, and reduced working hours to combat unemployment.

In his final address to the congress, Mr Lafontaine again demonstrated his ability to enthuse the party's activists and a determination to heal the wounds in the SPD caused by months of internal discord. He brought delegates to their

feet with a warning to the government and other parties "to gird up their loins" and prepare for a more aggressive opposition ahead of general elections due in 1998. The SPD, he cried, was a "left-wing party".

Delegates gave a standing ovation in the middle of Mr Lafontaine's address as he and Mr Scharping, the loser of Thursday's vote for the chairmanship of the party, put their arms around each other to show their determination to co-operate.

Mr Lafontaine also sought to mend fences with the new Länder of eastern Germany, where he has been regarded with suspicion since the 1990 general election campaign when he appeared unenthusiastic about reunification.

His performance at the congress charmed most of the delegates. But in a sign that Mr Lafontaine will have to work hard to unite the party, Ms Hilde Simonis, the prime minister of Schleswig-Holstein, sat on the podium and read a newspaper throughout his delivery. Lafontaine profile, Page 9

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Supporters fire in the air as army-backed presidential candidate wins convincingly

Algerians celebrate sweeping election victory for Zeroual

By Rouda Khalaf in Algiers

For once the shooting in Algiers yesterday was an expression of joy rather than anger.

Algerians took to the streets, and security forces to firing in the air, to celebrate the landslide presidential victory of Mr Liamine Zeroual.

The 64-year-old Mr Zeroual, appointed as president by the military in 1994, won 61.24 per cent of the vote in Thursday's election for a five-year term, the interior ministry said.

The poll was the first since a round of legislative elections won by the Islamic Salvation Front (FIS) in 1991, which was banned and supporters took up arms in protest. More than 40,000 people have since died.

Opposition parties, insisting this week's election was a farce, called a boycott, while extremist Islamic groups issued threats against people who voted.

However, the interior ministry said voter turnout was nearly 75 per cent. International observers monitoring the poll did not comment on the results, but



Zeroual turnout high despite boycott call by Islamists

Mr Mahfoud Nahnah, the moderate Islamist candidate who came second in the election, made accusations of irregularities yesterday.

The FIS quickly issued a statement saying the turnout was much lower than reported.

The poll was closely watched in western capitals, which have called for dialogue and a return to democracy in Algeria.

In France, where the Algerian conflict had spread and led to a series of terrorist attacks, the foreign ministry

said yesterday it hoped Mr Zeroual's election marked the start of a democratic process leading to legislative elections.

A relaxed Mr Zeroual congratulated Algerians on their support and vowed he would be worthy of their trust. "The huge turnout honours and glorifies our great people," he said. "I congratulate the people of Algeria for this victory. It is a victory for real democracy."

The Algerian regime had been hoping for a turnout of more than 50 per cent to top the 59 per cent recorded in the 1991 first round of legislative elections, in part to prove that four years of violence had driven people away from the FIS.

However, Mr Nahnah, whose Islamism is tolerated by the government, carried an impressive 25.8 per cent of the vote. In 1991, his party had succeeded in winning no more than a 5 per cent share of the vote.

Although Mr Nahnah had agreed with the government's cancellation of elections and is considered a traitor by FIS leaders, he was apparently able to attract some FIS voters.

The only real surprise in the



Celebratory shot: A woman in Algiers fires a pistol in the air

election was the poor showing of Mr Said Saadi, a staunch anti-Islamist Berber leader opposed to any compromise with the FIS.

Mr Saadi won only 9.29 per cent of the vote. Although an

improvement on the less than 2 per cent his party recorded in 1991, the result indicates that running on an anti-Islamic platform does not pay off in Algeria.

The fourth candidate in the

election, Mr Noureddine Boulrouh, a businessman with moderate Islamist leanings, received 3.78 per cent of the vote. Army's man holds key to peace, Page 9

Apec split over free trade ambitions

By William Dawkins and Guy de Jonquieres in Osaka

Splits emerged yesterday among Pacific rim trade and foreign ministers over how to implement their plan for free trade and investment in the region by 2020.

This was despite intricate compromises designed to maximise consensus among the 18 member countries of the Asia Pacific Economic Co-operation forum, which embraces the world's richest and some of its poorest countries.

The disagreements centred on the firmness of the final liberalisation deadline, how fast each government would move to meet it, and Apec's trade relations with the rest of the world.

Behind these differences loomed the wider question of whether Apec should be primarily a trade-liberalising body bound by firm commitments, as preferred by its Anglo-Saxon members; or a consultative body, guided by peer pressure, as most Asian governments want.

Malaysia, which has long had reservations about the Apec free trade scheme, originally proposed by Australia, was the first government to crack the veneer of harmony.

Mrs Rafidah Aziz, Malaysia's trade minister, emphasised yesterday that the free trade deadlines of 2020 for developing economies and 2010 for industrialised countries, were merely indicative. "There is no obligation on any Apec member to liberalise, whether it be 2010 or 2020," she said, though she later softened her stance after other ministers declined openly to support it.

Mr Domingo Siazon, foreign secretary of the Philippines, which will host next year's Apec summit, was equivocal about the scale of the liberalisation plans, saying members had still to decide whether to go beyond their commitments in the Uruguay Round world trade deal.

Australia, though a strong proponent of rapid Apec liberalisation, was also circumspect about how quickly it would act to free trade. Senator Bob McMullan, Australia's trade minister, said his government's actions would depend on how fast others were prepared to move. He admitted that Australia's first step towards the Apec goal involves only reducing its maximum allowable tariff rates to the lower levels actually in force, and undertaking not to reverse recent service sector reforms.

Apec ministers were equally at odds yesterday over whether to extend unconditionally to third countries any free trade steps they might make.

Mr Mickey Kantor, the US trade representative, had earlier insisted that there should be "no free riders" - hinting that the US would agree to extend the benefits of Apec's liberalisation to Europe only on a reciprocal basis.

No sign of compromise in US budget stand-off

By Jurek Martin in Washington

More federal government employees were returning to work yesterday as Congress passed and President Bill Clinton signed annual appropriations bills covering some individual departments, including the treasury and transportation.

But the president was still poised to veto the overall budget "reconciliation" bill that the House was expected to approve last night and the Senate today. This includes \$245bn (\$155bn) in tax cuts and reforms of the social safety net.

A similar, though less explicit, threat hung over the \$243bn defence bill, which, if he signed, would mean the return of about 80,000 civilian employees of the military. Altogether about 800,000 government staff were sent home on Tuesday.

Mr Clinton was also standing firm against accepting the most important remaining condition the Republicans have attached to another bill temporarily funding government operations until the first week of December. In fact, he sent his own "clean" stop-gap proposals to Congress yesterday afternoon.

The Republican bill stipulates that he commit himself to

a balanced federal budget in seven years, using not the administration's own economic forecasts but those of the congressional budget office. These are more pessimistic than the government's, and imply greater spending reductions on social programmes.

Senator Tom Daschle, the minority leader, said yesterday he detected the hint of compromise on this temporary funding measure, which attracted the support of 46 Democrats in the House and eight in the Senate on Thursday, but only if all conditions were removed.

These defections were not enough in themselves to make it probable that a two-thirds vote could be mustered to override a presidential veto. But they were taken as a sign of some nervousness in the party that public opinion, so far very much in the president's favour, could shift against him if the partial government shutdown became protracted.

But Mr Mike McCurry, the president's press secretary, noted yesterday that Mr Leon Panetta, the White House chief of staff, had held some "interesting" morning talks with Congress in which the precise wording of the amendment may have been under discussion.

Keeping up the pressure on Congress, Mr McCurry also went to some lengths to list the number of government services still denied to Americans. He cited the suspension of the processing of student loan applications and the L2m disabled people who would soon be deprived of rehabilitation facilities.

He contrasted this with Mr Clinton's executive order late on Thursday ordering about 55,000 employees of the social security and veterans' bureaus back to work next week.

Senator Bob Dole, the majority leader, last night decided against participating in today's Florida Republican "straw poll" of candidates for the party's presidential nomination, saying he would be busy with budget legislation.

Congressman Newt Gingrich, the speaker, maintained an uncharacteristically low profile early yesterday, probably to avoid questions on his assertion that Mr Clinton had slighted him on the presidential jet last week en route back from Israel. The president joked he would apologise if it would put the government back in business.

Meanwhile, in Arizona, Governor Fife Symington offered to send in the national guard to reopen the Grand Canyon to tourists.

Chaos warning over HK bill

By Simon Holberton in Hong Kong

Hong Kong's embattled chief justice, Sir Ti-liang Yang, yesterday fuelled the controversy over the colony's Bill of Rights by saying that the law could cause "chaos" in the courts.

His written viewpoint, presented to the Hong Kong government, won swift support from China. Its spokesman in the colony, Mr Zhang Jun Sheng, said the chief justice's opinion "demonstrates" that the rights bill had destroyed the existing legal system in Hong Kong.

The long-running row over the Bill of Rights, which underpins civil liberties in Hong Kong and has dominated the colony's political agenda, took a fresh turn this week when Mr Zhang revealed that Sir Ti-liang had spoken out against the law at a private dinner last month.

Six weeks ago China said it would water down the bill by eliminating its primacy over other Hong Kong laws and, in the interests of "social stability", reversing amendments to six security and broadcasting laws.

Thursday, Governor Chris Patten hinted that Britain might refer the issue to the United Nations if, after the

1997 handover, China did so.

The rights law gives legislative form to the UN covenant on civil and political rights. Since 1991, when it was enacted, 36 laws in the colony have been amended to bring them in line with its provisions.

Yesterday Sir Ti-liang said the Bill of Rights in effect gave the courts legislative power, because they were empowered to strike down laws which were not in accord with the bill. He said a practical difficulty of this was that two judges might hold different views of the same issue in different cases. "The resulting chaos need not be specified," he said.

Sir Ti-liang's two-page comment, however, failed to impress legal experts and the colony's political leaders. Mr Raymond Wicks, a law professor at Hong Kong university, said: "It is a rather odd state of affairs that we have the government extolling the virtues of a piece of legislation and our chief judicial officer suggesting, in rather insubstantial terms, that [it] may lead to chaos."

Mr Martin Lee, chairman of the Democratic party, said the "public perception of the independence of the judiciary has been affected".

Rough play in Asia's World Cup race

Underdog Korea is refusing to play ball in contest with Japan to stage soccer event

When the Japanese and South Korean leaders meet in Osaka today to patch up relations, both men will have soccer on their minds. The nations are bidding furiously against each other for the right to host Asia's first ever soccer World Cup in 2002.

South Korean Prime Minister Lee Hae-joon has warned that the bidding could worsen the quarrels over the world war now raging between Tokyo and Seoul. He should know: before he became prime minister last year he headed his country's bid.

Relations between Tokyo and Seoul were prickly even before the recent visit of an inspection team from the Federation Internationale de Football Association (Fifa), football's international governing body, to the two nations.

South Korean President Kim Young-sam last month snubbed Japanese Prime Minister Tomiichi Murayama by refusing to attend a meeting at the United Nations after Mr Murayama suggested that Japan's wartime annexation of Korea was legally valid. Mr Kim threatened to do the same at this week's Asia Pacific Economic Co-operation forum meeting after another Japanese minister said Tokyo had done "good things" for Korea during its colonial rule. Only the minister's forced resignation has allowed today's talks with Mr Kim and Mr Murayama to proceed.

Fifa has assumed the role of mediator, as it tries to choose a World Cup site while the countries argue. South Korean officials have warned, for instance, that a World Cup in Japan would bring with it the risk of earthquakes and terrorist gas attacks. Fifa considered cutting short the bidding contest

by moving forward the selection date from June 1996 to December 1995. But the organisation decided to stay with the original dates after the Koreans protested that a quick selection process would deprive it of the time needed to gain ground against Japan, which is considered the frontrunner.

Some worried politicians from both countries, including Mr Lee and the Japanese foreign minister, suggested that Japan and Korea should co-host the World Cup finals to foster good relations. Although Fifa's rules prohibit joint hosting of the World Cup, its offi-

tional audience. It is no coincidence that Mr Koo Pyong-bwoi, chairman of the trading division at the LG Group, the country's third largest conglomerate, is head of Korea's bidding committee. He argues that the World Cup would help promote peace on the Korean peninsula. "If we are selected as hosts there would be a big chance to get together with North Korea," he said when submitting the country's application to Fifa in Zurich in September.

Korea has gained a foothold in the upper ranks of Fifa with the appointment of Mr Chung Mong-joon, a son of

Japan's bid is a "virtual stadium" where spectators can watch a 3-D live broadcast of a match held in another location. Korea, by contrast, suffers from a congested transport system and lack of first-rate accommodation in provincial cities where some of the matches would be held.

Moreover, Korea has been aggressively campaigning by Korea. It recently celebrated its application to host the 2002 games with a match presided over by the presidents of South Korea and Argentina, marking the return, after a 15-month suspension, of Diego Maradona - who led his Boca Juniors team to a 1-0 victory over the Korean national team. The city of Seoul is full of billboards and posters of Korea's logo for the 2002 games.

Moreover, Korea has been aggressively lobbying Fifa officials. Mr Kuni-shige Kamamoto, an MP in Japan's upper house and a former football star, recently alleged that money and other favours were being offered to officials by the Koreans. He warned that Japan was far from sure of winning.

If Japan loses, it could be a fatal blow to its professional football league, while the heads of provincial leaders might roll because they spent municipal funds as part of the bidding costs.

A loss by Korea would add to its long list of grudges against Japan, though relations are unlikely to deteriorate as far as those between El Salvador and Honduras, which went to war over a soccer game in 1989.

In any case, Korea perhaps expects to miss its goal. In what many already regard as a consolation prize, the Korean port of Pusan has been selected for the 2002 Asian Games.

Emiko Terazono and John Burton

INTERNATIONAL NEWS DIGEST

ILO cuts \$22m from budget

The International Labour Organisation is to shed 50 posts and slice \$21.7m (£13.7m) from its \$579m budget for the 1996-97 biennium in a belt-tightening effort impelled by threatened cuts in funding by the US.

The economy measures, which include fewer and shorter meetings, fewer publications and more subcontracting of headquarters' functions, were approved by the ILO's governing body at the end of a two-week session.

Washington pays a quarter of the organisation's budget but Congress is seeking big reductions in US contributions to the ILO and other United Nations agencies.

The 52-member governing body, on which governments, trade unions and employers are represented, also backed plans to step up the ILO's campaign against the growing problem of child labour. The organisation is to focus on eliminating the most abusive forms of child exploitation, such as bonded child labour, slavery, prostitution and dangerous work.

The governing body has also asked the ILO to send a mission to Nigeria to visit detained trade unionists and urge their unconditional release. Frances Williams, Geneva

French drug companies upset

France's pharmaceutical industry association yesterday condemned a government request for a contribution of FF7.5bn (£234m) to help eliminate the country's welfare deficit.

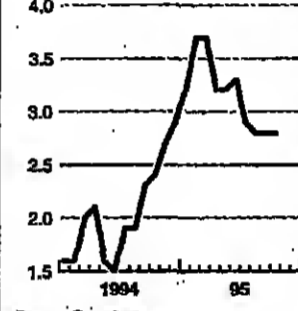
Mr Bernard Mesure, president of the Syndicat National de l'Industrie Pharmaceutique, said drug companies operating in France were already burdened unfairly with taxes and did not have the resources to pay the charge demanded by Mr Alain Juppé, the prime minister.

According to Mr Mesure, the charge, combined with existing taxes, would take to FF16.5bn the levy on the industry next year, equivalent to half the total spent on research and development in the sector. The payment would threaten employment in the sector and imply a significant reduction in R&D efforts. John Riddling, Paris

Slow growth in Japanese money

Japan's money supply

M2+CDs growth, annual % change



Source: Daiwa Securities

continued to grow at an anemic rate in October, suggesting the country's economic condition remains fragile. The average outstanding balance of M2 - cash in circulation and demand and time deposits - plus certificates of deposit grew by just 2.8 per cent from a year earlier, for the second month in succession. The benchmark figure has now grown at less than 3 per cent a year for four months in a row, increasing fears that the authorities' efforts to inject demand through easier fiscal and monetary policy have not yet borne fruit.

Other figures also point to continuing economic standstill. The broadly defined money supply, which includes postal savings, government bonds, bank debentures and some non-bank deposits, was up by 3.7 per cent on a year earlier, the same rate as in September. Gerard Baker, Tokyo

Australian coal strike looms

Australia was yesterday pitched into industrial disruption as CRA, the mining group, and the Australian Council of Trade Unions failed to resolve the Weipa dispute.

The dispute, named after the Queensland town where it originated, centres on collective bargaining rights and the principle of "equal pay for equal work". Late yesterday the Industrial Relations Commission intervened, summoning both sides to a meeting in Sydney today, but hopes for a resolution were low. The threatened coal strike, due to start next Tuesday, will now begin two days early, nine unions said. Some workers at CRA-affiliated mines walked out yesterday. The ACTU may also broaden the disruption to other industrial sectors. Nikki Tsai, Sydney

Mexican airport liberalisation

The Mexican government has unveiled a bill to permit greater private investment in the country's airports. Until now, private investment in the sector has been limited to joint ventures in construction and commercial activities.

The initiative sent to the senate would allow private companies to administer, operate and build airports, though foreign participation would be limited to 49 per cent unless express permission is obtained. Daniel Dombey, Mexico City

Island seeks foreign investment

Dominican Republic legislators have granted final approval to a new investment code which will give foreign and domestic investors equal opportunity, and which will allow foreign investors to repatriate their profits.

The previous investment code restricted foreigners to minority stakes in sectors such as agriculture and financial services, and limited the repatriation of profits. The new code allows foreign investment of 100 per cent in all sectors, except for activities related to the disposal and removal of toxic wastes not produced in the country. Industries which could adversely affect the environment, and arms production. Carmate James, Kingston

IMF unwilling to aid Burma

The International Monetary Fund has offered to advise Burma on policies needed to shift its economy away from central planning, but is not yet ready to consider financial assistance. Bankers say that earlier this year the IMF presented the government in Rangoon with a package of proposals, including privatisation of the kyat, and offered to monitor their implementation. But the package has not been endorsed by the fund's board, which remains opposed to financial assistance. Peter Montagnon, London



cials believed that they could be changed in this case. But the idea was abandoned after a chorus of nationalist disapproval in Korea and Japan.

Both countries realise that much is at stake. Japan is always keen to host prestigious international sporting events, while Korea wants to show the world that it no longer lives in the shadow of Japan and China. Also, the winner is promised huge economic benefits. The Japanese calculate that over all spending linked to the World Cup could total nearly ¥3,300bn (\$33bn), including ¥860bn in infrastructure investments and ¥417bn in sales.

For Korea, a World Cup would also provide an opportunity to increase the exposure of its products to an interna-

the founder of the giant Hyundai group, as one of the organisation's vice presidents.

The country's main strength is its soccer pedigree. It has qualified for four World Cup championships, while Japan has never made it to the finals. But Mr Junji Ogura, chief executive of the Japanese bidding committee, stresses the sharp rise in soccer's popularity in Japan. The J-League, the country's professional soccer league launched in 1993, has proved a success, and more Japanese now play soccer than baseball, traditionally the country's favourite sport.

Also, Japan's bidding team boasts of technology and infrastructure that is superior to Korea's. One feature of

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NEWS: UK

Telecoms regulator to face public

By William Lewis

Oftel, the telecoms industry regulator, is next week to hold the first ever public hearing by a UK privatised industry watchdog.

"Thursday's hearing in London is being held to discuss the regulator's controversial proposal to extend its powers over British Telecommunications. Oftel wants to change BT's licence so that it has the power to halt what it perceives as anti-competitive behaviour."

However BT rejects the proposal, which it says would enable Oftel to be both prosecutor and judge in any anti-competitive disputes.

If BT does not change its stance and refuses to accept the licence change then Oftel will be forced to call for a Monopolies and Mergers Commission inquiry.

Two of BT's institutional shareholders said yesterday that they would prefer an MMC inquiry to the company backing down. "It is time for BT to fight back," one said. "They have given far too much away already."

Oftel said people who attend the hearing will be able to quiz Mr John Butler, BT's director of regulatory affairs, and other individuals from the telecoms industry.

Public hearings are common in the US but have never been held before in the UK. In the past, industry watchdogs have rejected such hearings because of their confrontational nature.

Oftel said yesterday that Mr Don Cruickshank, director-general, held public hearings in his previous post as an executive in the health service.

"We will have to see how it goes and how many people show up, but this could be just the first public hearing we hold," Oftel said.

Oftel said it expected people working in the telecoms industry to attend, as well as City analysts, lawyers and media representatives. "I'm not sure there will be many Joe Publics there," a spokesman said.

The hearing will begin with an introduction from Mr Richard Thomas, director of public policy at Clifford Chance, the law firm.

Oftel will argue that it cannot regulate effectively under the current licence conditions and that "it is becoming increasingly difficult to specify all anti-competitive practices."

There will also be discussion at the hearing of BT's argument for the creation of an appeals procedure to challenge regulatory decisions.

Passions roused in ruck over cash

Wales is split over funding for a rugby stadium or an opera house

On the one side, there is suspicion of rugby thuggery. On the other, there are insinuations of operatic skulduggery.

The Welsh are indulging in an unprecedented culture clash between their twin passions of sport and singing. Two grandiose proposals have been put forward to mark the millennium. One is a world class stadium to replace Cardiff Arms Park in time to host the 1999 Rugby World Cup. The other is a Cardiff Bay Opera House, intended to be a permanent home for the Welsh National Opera and "an architectural landmark of world stature".

Each is seeking lottery funding from the Millennium Commission - £46m (£72.22m) for the sports stadium and £50m (£78.5m) for the opera house.

Both are seen as magnets to draw visitors to the Welsh capital. The 75,000-seater stadium, with a retractable roof, to be built on the site occupied by Cardiff Arms Park, would help to revitalise a scruffy part of the city centre. The 1,750-seater opera house would be the waterfront showpiece of the regenerated docklands.

The commission's task, requiring the judgment of Solomon, is to consider each scheme on its merits. In principle Cardiff could win both, but many fear that is unrealistic, since the commission is seeking, in the words of Mrs Virginia Bottomley, its chairman and national heritage secretary, "a fair geographical distribution of lottery proceeds".

The opera house trust is so



Fighting for funds: the Cardiff Bay opera house; intended home for the Welsh National Opera

certain of success that it has distributed coupons for prize-draw tickets to the proposed opening night, St David's Day in 2000. The commission is expected to decide on December 20 whether the trust will have its £50m.

The squabbling has aroused alarm that the commission might say: "A plague on both your houses." Lord Crickhowell, a former Secretary of State for Wales, said last month: "The world will look on with astonishment if we throw away such a chance by arguing among ourselves which is the better project."

Trying to present a more united front, the development corporation said: "We give 100 per cent support to the notion of an opera house and a new stadium. The schemes are not complementary and not com-

petitive and the capital city deserves and needs both."

But one protagonist said: "If you vote Labour, then it's the rugby stadium. If you vote Tory, it's the opera house."

The WRU made its bid only after Wales won the hosting of the world cup. It was thought a finer stadium than the dated Cardiff Arms Park was needed to impress the millions of television viewers.

The WRU commissioned a Mori opinion poll which showed 58 per cent support for the stadium and 23 per cent for the opera house. Mr Russell Goodway, the Labour leader of South Glamorgan and of the new Cardiff unitary council which takes over next April, declared the stadium to be the "people's choice".

All had seemed plain sailing

for the opera house until the trustees chose Ms Zaha Hadid as the architect and caused a stamp of protest. Since then, her "crystal necklace" concept for the building has undergone what Lord Crickhowell calls "a fundamental rethink of interior and exterior".

To counter accusations of elitism, the trust stresses opera productions would account for only a quarter of the year and there would be musicals.

The cost of the opera house is £82m, meaning £22m of private sponsorship is needed. Mr Morgan, describing the Welsh as "either skint or mean, depending on your preference," said: "Even promising the keys to the kingdom of heaven won't persuade Welsh people to cough up that much."

Roland Adburgham

UK NEWS DIGEST

British Gas pipeline arm in watchdog row

Transco, British Gas's pipeline and storage arm, was accused yesterday of failing to supply adequate information to Ofgas, its regulator, to assist a review of price controls.

Ofgas said yesterday that there were "significant omissions" from Transco's initial responses to its requests for information. Although the situation had since improved, Ofgas said Coopers & Lybrand, its consultants, "remain concerned as to the coverage and quality of the information presented". Coopers' report said: "Our view of the responses is that typically they have arrived later than the date originally requested, and that the information presented is incomplete and of variable quality." It cites as an example a request which it sent to Transco on May 25, seeking a reply by July 31. The bulk of the material did not arrive until mid to late August, and even then contained gaps.

Transco was surprised by the accusations. "We have been bending over backwards to help the consultants," it said. The company added that it could not supply some of the business forecasts because these depended on regulatory decisions which Ofgas had yet to make.

Daniel Lascelles

Road scheme assurance sought

Britain's Highways Agency has sought assurance from construction company Wimpey that plans to swap its construction interests with Tarmac would not upset its involvement in a joint venture to build Britain's biggest privately financed road.

Earlier this week Wimpey announced plans to swap all its construction and quarrying interests for Tarmac's private housebuilding business.

Mr Joe Dwyer, Wimpey's chief executive, said yesterday that the asset swap should not affect existing contracts or the joint venture negotiations with the Highways Agency, the government body responsible for building trunk roads.

Wimpey, in partnership with Trafalgar House and Austrotrade, of Italy, has been named as preferred bidder for the £150m contract for a link between the A1 and M1 in northern England, one of four "design, build, finance and operate" roads contracts being negotiated by the government. The swap plan involves the transfer of Wimpey's current construction contracts to Tarmac, which would take on the contractual obligations. Wimpey has offered a guarantee to provide the necessary investment to complete the link road should Tarmac decide against including the project in the transfer.

Tarmac was part of a rival consortium which failed to win the A1-M1 concession. The company is a strong supporter of the government's private finance scheme and would be unlikely to reject an opportunity to win its first big contract under the initiative. Trafalgar House would be unlikely to reject a partnership with Tarmac given that the Wimpey team would be expected to continue to work on the project under its new parent.

Andrew Taylor, Construction Correspondent

London hotel on the market

Inter-Continental hotels and resorts, part of Saison, the Japanese retail-based group, is considering offers for the 318-room Britannia hotel on Grosvenor Square, one of London's best addresses. Inter-Continental owns or manages 130 hotels, of which five are in London. Mr Gavin Simmonds, joint managing-director, said offers were not sought for any other hotel owned by the group. Last month Hilton International put its Langham Hilton on the market.

Scheherazade Daneshkhan

Terrorism insurance discount set

A 20 per cent discount on next year's terrorism insurance premium rates was announced yesterday by Pool Re, the government-backed reinsurance company which was set up after IRA attacks on the City of London. Pool Re said no claims had been made this year.

Pool Re is also continuing its "no-claims" discount scheme whereby the first 80 per cent of annual premiums are due at the start of the policy period. If total losses do not exceed £75m next year the remaining 40 per cent will be waived. If the second instalment is not called, rates charged next year would be half the level in 1993, when Pool Re started.

Ralph Atkins

Manchester airport to expand

Manchester Airport is to spend £96m (£150.7m) overhauling and redeveloping its Terminal 1. Part of the project will create a 500m exclusive facility for British Airways' domestic and international services, while a second programme will refurbish and extend departure areas.

BA's new facility will be ready by 1996. The airport is also working with Lufthansa, the German airline, to develop a £7.5m "superhub" - a rapid passenger transfer facility - in Terminal 1. It will open next year.

The redevelopments will increase Terminal 1's capacity to 16m passengers a year. The airport hopes to be able to build a second runway to take its total capacity to an annual 30m passengers.

Jan Hamilton Fozay

Major firm on IRA arms stance

By Kevin Brown, Chief Political Correspondent

Mr John Major, the British prime minister, yesterday issued an uncompromising public warning that his government will not back down from its insistence on IRA arms decommissioning before Sinn Féin, the republican movement's political arm, is allowed to join all-party peace talks.

"I hope we will be able to get Sinn Féin into talks with the other parties. That has been

the intention from the beginning," Mr Major said.

"But Sinn Féin have to accept that they have to make concessions. It is not possible to enter into negotiations with a private army at your back. They must realise that that is not the way to get into democratic politics."

Mr Major will write this weekend to Mr John Bruton, the Irish prime minister, setting out ways of breaking the impasse in peace negotiations caused by Sinn Féin's refusal to give up some small

amount of arms as a gesture of good faith before talks start.

The two prime ministers are expected to talk by telephone shortly after the letter arrives. Downing Street hopes that Dublin will put pressure on Sinn Féin by agreeing to a summit meeting before President Bill Clinton's planned visit to Britain and Ireland, beginning on November 23.

Mr Major is expected to propose modest changes to Britain's long-standing proposals for a twin-track procedure, under which preliminary talks

would start in parallel with a US-led commission on arms and other issues.

A senior British official said that the proposals were "the kind of proposals which everybody ought to be able to agree with. They provide no excuse for Sinn Féin to continue to maintain its roadblock."

Unionist leaders protested at the release of 83 terrorist prisoners from Northern Ireland jails under a revised remission scheme.

Sinn Féin said the concession was "derisory".

Concern over 16-year-olds' qualifications

By John Authers

The proportion of 16-year-olds leaving English schools without any qualifications rose this year for the second year running, according to local authority figures released yesterday.

The figures, which do not include independent and grant-maintained schools, pre-empt the government's own performance tables on examination results for all English schools, which will be published on Tuesday. They fuel growing concern that the performance tables have led schools to neglect their least able pupils.

According to the National Consortium for Examination Results, a body run by local authorities to distribute statistics, 8.3 per cent of 16-year-olds failed this year to gain even one grade G - the lowest available - at GCSE, the exam which must be taken at the end of compulsory education in England.

The proportion without any qualifications rose from 8.1 per cent in 1994. Two years ago, only 6.2 per cent of children left without qualifications. Schools also entered fewer children for GCSEs - 93.9 per cent of 16-year-olds were entered for them this year, down from 94.5 per cent two years ago. The

total number of 16-year-olds leaving without qualifications also rose.

However, the numbers passing with at least five grade Cs - equivalent to a pass in the old O-level exam and the traditional standard for continuing to the sixth form - rose, to 38.7 per cent, up from 38.4 per cent last year and 36.7 per cent in 1993.

A report published last month by Article 26, an education research group, had already raised concern about polarisation, showing that last year the top 20 per cent of pupils managed GCSE results 13 times better than the bottom 20 per cent, a significant increase on previous years.

Mr Chris Woodhead, the government's chief schools inspector, earlier this week criticised league tables ranking schools by particular measures, saying there was a "potential problem with publishing data concentrating solely on the performance of the most able children".

The consortium's figures show that girls' academic advantage over boys at the age of 16 has continued to widen. While 45.8 per cent of girls managed at least 5 grade Cs, only 33.8 per cent of boys reached the same level.

Japanese wafer-maker set for \$250m expansion

By James Burdon in Edinburgh

A Japanese company which is one of only three producers in Europe of the silicon wafers for making semiconductors is investing a further \$180m (£251.2m) in a significant expansion of its plant in Scotland.

The increase in capacity by Shin-Etsu Handotai at Livingston near Edinburgh is a response to strong growth in the European market for silicon wafers as new semiconductor plants are built.

Shin-Etsu Handotai is already close to completing a \$23m expansion of its Livingston plant, which employs about 300 people. Production in the facility, already being built by Sir Robert McAlpine, will start in December next year; it is announced yesterday, a total of 235 new jobs will be created by 1999.

The existing plant produces 6in diameter wafers, which are the industry standard. The new facility will produce 8in wafers, for which there is growing demand.

Shin-Etsu Handotai claims to be the world's biggest producer of semiconductor silicon wafers, with a 30 per cent share of the global market. The Livingston plant has 27 per cent of the European market.

Wafer-making is a chemical process in which silica, a com-

mon mineral, is crystallised, sliced and polished. Semiconductors are made by cutting the wafers and by applying microcircuits to them. Rising demand for semiconductors is driving an unprecedented expansion of world microchip production. Capital spending by semiconductor manufacturers is expected to exceed \$35m this year compared with \$23m last year.

In the UK, the Japanese company NEC is completing a \$530m upgrade at its plant close to Shin-Etsu at Livingston. Recently Siemens of Germany announced that it would build a \$1.1bn plant on Tyne-side. Soon afterwards Fujitsu of Japan announced a \$215m expansion of its semiconductor plant in County Durham. In Scotland, Motorola this week

opened a \$250m expansion of its East Kilbride plant.

Shin-Etsu said yesterday that compound growth in the European silicon wafer market was forecast at 27 per cent a year between 1995 and 1997.

The Japanese company's decision to reinvigorate heavily in Scotland is a further boost for Scotland's "silicon glen", the cluster of electronics plants which are major suppliers of microchips and personal computers.

Earlier this week Chung Hwa Picture Tube, a Taiwanese company, announced that would invest \$260m building a 1.2m sq ft plant at Mossend in Lanarkshire, Scotland, to make cathode ray tubes for computer monitors and televisions. The project would create 3,300 jobs by 1999.

Year	Planned Yearly Increase in the Number of Employees		Planned Yearly Increase in the Number of Employees	
	1990	1991	1992	1993
0000	0.00	0.00	0.00	0.00
0001	0.01	0.01	0.01	0.01
0002	0.02	0.02	0.02	0.02
0003	0.03	0.03	0.03	0.03
0004	0.04	0.04	0.04	0.04
0005	0.05	0.05	0.05	0.05
0006	0.06	0.06	0.06	0.06
0007	0.07	0.07	0.07	0.07
0008	0.08	0.08	0.08	0.08
0009	0.09	0.09	0.09	0.09
0010	0.10	0.10	0.10	0.10
0011	0.11	0.11	0.11	0.11
0012	0.12	0.12	0.12	0.12
0013	0.13	0.13	0.13	0.13
0014	0.14	0.14	0.14	0.14
0015	0.15	0.15	0.15	0.15
0016	0.16	0.16	0.16	0.16
0017	0.17	0.17	0.17	0.17
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0019	0.19	0.19	0.19	0.19
0020	0.20	0.20	0.20	0.20
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0025	0.25	0.25	0.25	0.25
0026	0.26	0.26	0.26	0.26
0027	0.27	0.27	0.27	0.27
0028	0.28	0.28	0.28	0.28
0029	0.29	0.29	0.29	0.29
0030	0.30	0.30	0.30	0.30
0031	0.31	0.31	0.31	0.31
0032	0.32	0.32	0.32	0.32
0033	0.33	0.33	0.33	0.33
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0095	0.95	0.95	0.95	0.95
0096	0.96	0.96	0.96	0.96
0097	0.97	0.97	0.97	0.97
0098	0.98	0.98	0.98	0.98
0099	0.99	0.99	0.99	0.99
0100	1.00	1.00	1.00	1.00

London Electricity to pay special 100p dividend

By David Wighton

London Electricity yesterday added to the flood of cash flowing to shareholders of regional electricity companies by announcing a 100p share special dividend worth more than £200m.

The company also said it would increase annual dividends by about 20 per cent this year and expects to continue to increase dividends in real terms thereafter.

London's move follows Yorkshire Electricity's promise of a 100p a share pay-out announced last month. East Midlands Electricity, the only other rec which has not received a bid or a bid approach, is also expected to return more value to shareholders.

Sir Bob Reid, chairman of London Electricity, said: "This special dividend delivers value to shareholders while maintaining the company's ability to

invest in and develop its businesses." Analysts estimate that the payment will increase London's gearing to about 60 per cent by the March year end.

Unlike Yorkshire, which said it would consider further moves which would increase its gearing to 100 per cent, London did not signal its intention to take its gearing any higher. It is thought that London wants to maintain some financial flexibility

while Mr Michael Kersey, its newly appointed chief executive, reviews strategy.

Last year, London bought back 7 per cent of its shares at a cost of about £135m and is about to distribute to shareholders its stake in the National Grid worth about £350m.

Mr John Battle, Labour's energy spokesman, attacked the dividend which he described as a bonanza from the flotation of the National

Grid. "In the brave new world of competition the balance of governance between shareholders and consumers is increasingly tilted in the direction of shareholders. London Electricity's priorities seem to be those at the top first, then the shareholders, and at the bottom of the heap come the consumers."

London plans to pay the special dividend at the end of January, along with this year's interim dividend.

It will also consolidate its existing shares, on a basis yet to be announced, in order to offset the impact of the dividend payment on the share price and so protect the interests of option holders.

Non-tax paying shareholders should qualify for a 25p a share tax credit on the special dividend, but top rate tax payers will face a 25p a share bill.

London Electricity's shares rose 19p to 933p yesterday.

Telegraph matches Times' price rise

By Christopher Price

In the latest episode in a long price war, The Telegraph has responded to News International's decision to raise the price of The Times, by announcing a 5p increase to 40p, in the price of The Daily Telegraph from Monday to Friday.

A reduction in the fee paid to retailers to 10p was also announced, again mirroring a decision by News International.

On Thursday it was announced The Times cover price would rise 5p to 30p. Panmure Gordon, the Telegraph's broker, estimated that these moves would add £18m a year to pre-tax profits: £5m from the reduction in newsagents' fees plus £13m from the latest price rise.

Both News International and the Telegraph maintained retailers' fees through most of a price war which began in June 1994.

The Times provided a margin of 26.5 per cent on the cover price of 45p prior to hostilities breaking out, giving retailers 11.9p. When the cover price was slashed to 20p, the 11.9p was maintained.

The Daily Telegraph provided the same margin on its 48p cover price prior to June 1994, giving retailers 12.7p. The fee was maintained when its price was cut initially until June this year, when the price was raised 5p to 35p and the fee was reduced to 11.9p. The two moves provided extra revenue of £13m and saved the company an estimated £2m a year in retailers' margins.

Panmure Gordon estimates that the total annualised savings and additional revenue from the two sets of price rises and margin changes equates to £33m a year in profits. The broker has raised its current year forecast by £2m to £34m, pre-exceptionals, against £32m last year.

The biggest losers from the margin reductions will be the 48,000 independent newsagents. Newspaper sales accounted for only 1.5 per cent of retailer W.J.L. Smith's £2.5m group turnover.

Falling nearly-new prices hit Eurodollar

By Geoff Dyer

Shares in Eurodollar dropped 38 per cent yesterday after the car hire company, which came to the market 18 months ago, announced a sharp fall in interim profits and its third profits warning in six months.

The company blamed falling prices in the nearly new car market for the drop in pre-tax profits to £2.42m (£8.15m) for the half year to September 30. It warned that second half profits would be below the first and that it might not be able to pay a final dividend.

The shares, which were 220p at flotation, closed down 38p at 88p, making it one of the worst performing new issues of the

last two years.

The announcement follows a recent downgrading of motor dealers because of weak demand in the sector.

Earlier this month Evans Halshaw, one of the country's five largest dealers, said its profits would be below expectations. Eurodollar's cost of sales rose to £21m (£12.2m) because of a fall in the price of nearly new cars, which had deteriorated substantially even since its September profits warning.

Mr Ian Mosley, chief executive, said that weak consumer confidence was responsible. "Nobody is putting their hands in their pockets to buy big ticket items - we are in the same boat as houses and hol-

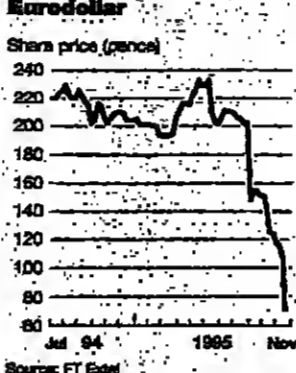
days," he said. The problem had been exacerbated by de-stocking by dealers, although he thought prices had now reached a floor.

Turnover was up 13 per cent at £43.7m (£43m). Mr Mosley said that demand in the corporate sector was strong where it had been able to raise prices by more than 10 per cent. The personal market was "fragile".

The interim dividend was maintained at 3.12p. In September the group said it hoped the full-year payment would be at least 9.35p. But yesterday Mr Mosley said: "We will review the dividend payable, if any, at the year-end."

Earnings per share were 3.68p (10.35p).

Eurodollar



Source: FT Share

● COMMENT

Eurodollar's history as a public company has been nothing if

not turbulent. First it had to delay flotation because of turmoil in the market. Since then three profit warnings have left the shares at 31 per cent of their issue price. Analysts slashed their full-year profit forecasts yesterday from £2m-£3m to about £2.5m and the company now faces a long struggle to entice investors back into the stock. With earnings of such low quality, the only attraction was the yield, however even that cannot be guaranteed now. If nearly new car prices continue to fall, shareholders might not even receive a final pay-out. The irony is that the main car hire business is actually performing reasonably well.

National Express to change drivers



Ray McEnhill (left) with Adam Mills, his deputy chief executive

By Geoff Dyer

Mr Ray McEnhill is to stand down as chief executive of National Express, the fast-growing coach, bus and airport operator, because of ill health.

Mr McEnhill, 55, has a history of heart problems and underwent major surgery last summer. He was advised by his doctors last week to reduce his work commitments. He will remain in the post until a replacement is appointed.

National Express said it would examine external and internal candidates. However, analysts believe Mr Adam Mills, deputy chief executive, is a strong favourite to succeed Mr McEnhill. Mr Mills said yesterday he would remain with the group even if his candidacy were unsuccessful.

The two have worked closely together since founding, in 1986, Drawlane Holdings, which later became British Bus, to take advantage of the deregulation of the bus industry. They arranged the management buy-out of National Express from the National Bus Company in 1988. At the group's flotation in 1992 the bus interests were sold. Since then it has diversified into operating airports, acquiring East Midlands in 1993 and Bournemouth this year, and back into the bus industry with the £243.7m acquisition of West Midlands Travel in April.

Glaxo Wellcome market share falls

By Daniel Green

Glaxo Wellcome, the world's largest-selling drugs company, is losing market share but becoming more profitable through cost-cutting.

In a trading statement accompanying yesterday's annual meeting, the company said sales for the 10 months to October 31 were 4 per cent higher than in the same period last year, against a 9 per cent rise for the industry.

The figures refer to the combined sales of Glaxo and Wellcome before Glaxo's £9.1bn takeover of its rival in March. The company blamed the slow rate of growth on the decline of sales of Zantac, the

ulcer treatment that is the world's best-selling medicine. Excluding Zantac - for which it gave no figures - sales grew by 8 per cent.

The company regarded the sales figures as creditable given the impact of the bid and integration process on the Glaxo and Wellcome sales forces. Cost-cutting resulting from the integration will help improve earnings per share, expected to show good growth for the 12 months to December 31. The company is moving its financial year from a 12 months to June period to a calendar year. The next set of results will be audited accounts for the 18 months to December 31.

Swalec opens hostilities after Welsh Water talks

By Peggy Hollinger

South Wales Electricity yesterday opened hostilities in the phoney war with Welsh Water, following a two-hour meeting in London which failed to result in the widely expected £1bn-plus bid from the water company.

Mr Andrew Walker, Swalec's chief executive, said he was surprised and disappointed at the water company's refusal to the meeting to clarify the terms of any bid or, indeed, if an offer would be forthcoming. "The continuing uncertainty as to Welsh Water's intentions is not in the interests of shareholders, customers and employees of either company."

The two companies are due to meet again next week.

Welsh Water said in a statement, notable for its lack of hostility, that it wanted to determine the value of the National Grid, the transmission business being demerged from the regional electricity companies, before it launched any offer. This would allow it to determine the underlying value of Swalec. The grid shares are expected to begin trading on Wednesday on the grey market - where investors can buy or sell the rights to shares prior to trading on the Stock Exchange in December. The Grid is launching its prospectus on the same day.

Analysts were puzzled by Welsh Water's decision to wait for the grey market before pursuing more concrete discussions with Swalec. They pointed out that previous bidders in the electricity sector had been able to judge the value of their targets without such assistance.

The two-hour meeting was attended by three Welsh Water executives and three of Swalec's, with no advisers. It was tense, with little information traded. Welsh Water is understood to have indicated it already had a substantial banking facility in preparation for an offer. Welsh is also thought to have indicated it would not launch a hostile bid before the next meeting.

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Saturday November 18 1995

Late virtue, early reward

The deterioration in the budgetary position of the leading industrialised countries has been a striking feature of the global economy since the 1970s. In large part, it reflects the difficulty that governments have experienced in financing the welfare state in a climate of lower growth. If the political will exists to confront the problem of budget deficits, investors can expect a substantial prize: a virtuous circle in which fiscal rectitude leads to lower interest rates across the whole maturity spectrum, and thus to higher bond and equity prices.

Signs of the virtuous circle were visible this week, as markets responded cheerfully to budgetary developments in France, Britain and the US, where the Dow Jones Industrial Average came close to breaking through the 5,000 mark. The background is certainly a favourable one for bond markets, in that the global inventory shake-out is producing slower growth, which leads to less upward pressure on prices. Outside the US, most countries are growing at below their trend rate. If, in addition, budget deficits are tackled seriously, the prospect of lower real interest rates across the globe will move closer. Yet the markets are taking much on trust.

This is particularly true in the US, where the potential gains from cutting the budget deficit are greatest, in absolute terms, but where any failure to deliver on the promise of a balanced budget within seven years might cause a bond market crash to rival that of February 1994. The news that the markets have justifiably seized on is that a Democratic president has accepted much of the Republican fiscal agenda. Yet the budgetary process is in gridlock, thanks to a stand-off between Congress and the administration.

Motivated by pique

Investors were prepared this week to shrug off the risk of a default, as the arguments between President Clinton and Congressman Newt Gingrich degenerated into farce. The Speaker admitted that in forcing a partial government shutdown, he had been motivated by pique at being given a seat at the rear of Air Force One when returning from the funeral of Mr Yitzhak Rabin. The odds must nonetheless still be on a compromise that involves progressive deficit reduction over several years. And in the absence of compromise, the continuing resolution which perpetuates funding for government agencies if a budget is not adopted would actually make for tighter fiscal policy next year. Yet Mr Clinton has scored so

heavily in the polls by rejecting the Republicans' proposed cuts that there must be a growing temptation for him to retreat from the balanced budget commitment and present himself as a more conventional Democrat with a mission to save entitlement programmes. It is that, rather than a temporary default, that the bond markets have to fear.

The contrast between the US and French approaches to cutting deficits could hardly be greater. Where the US policy process is in stasis, the French government this week pushed through its more urgent measures by decree, so avoiding the need for parliament to legislate. The package contained tough tax increases, as well as spending cuts. And the bond and equity markets loved it, recognising that the government was paving the way for significant interest rate cuts.

Popular discontent

Yet centralised power in France has been known to crumble in the face of popular discontent. Unemployment is still disproportionately high, by the standards of the UK and Germany. And by imposing a new tax on incomes which is specifically designed to reduce the outstanding social security debt, the French government is underlining very clearly the fiscal price that has to be paid for the Maastricht treaty. It would be premature, with the US, to assume that the game is already won.

A more real contrast is with the UK, where fiscal policy is already being knocked back into shape, but where electoral pressure threatens to destroy hard-won gains. This week the chancellor, Mr Kenneth Clarke, saw the public finances benefit from unexpectedly buoyant revenues, while inflation showed a healthily declining trend. Yet sterling is weak and gilts fall to attract much international interest. The quality of the Tory and Labour commitment to fiscal rectitude is still deemed uncertain.

But the markets arguably reserve their harshest judgment for Germany, which has steered its way through the fiscal strains of unification, brought its budget back under control and imposed harsh fiscal medicine on a people that has recognised the need for sacrifices. Its ten year bonds yield 6.3 per cent, against 5.9 per cent in the US and 2.8 per cent in Japan, where fiscal policy is deteriorating fast. Even allowing for likely future currency movements, it looks suspiciously like the tale of the prodigal son. The virtuous one who stayed at home received the poorer deal.

Robert Chote says Kenneth Clarke could use this week's economic data to argue in favour of cutting taxes and reducing interest rates

BUDGET
95

Rising unemployment, falling living standards, plummeting inflation, weak high street spending and an unexpectedly big repayment of government debt - could any chancellor wish for a better backdrop to a tax-cutting Budget and a possible reduction in interest rates?

Plenty of special factors, niggling caveats and ephemeral influences complicated the economic statistics published this week. But the headline figures nonetheless provide Mr Kenneth Clarke, the chancellor, with a rationale for the tax giveaways he would have announced anyway in his Budget later this month. What might otherwise look like a transparent pre-election bribe can now be marketed as prudent insurance against the risk of a protracted economic slowdown.

"He must have been wonderfully pleased with the numbers," said Mr Bill Martin, UK economist at UBS, the stockbrokers. "They are an encouragement to largesse."

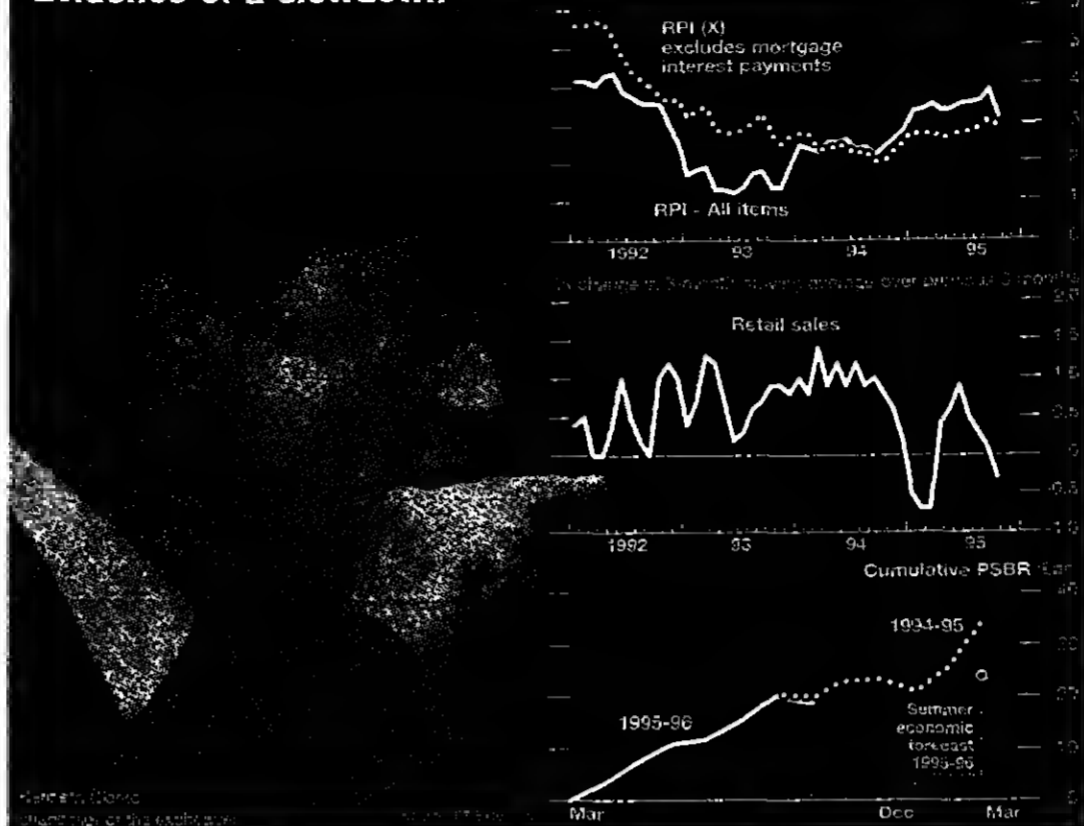
The evidence of a slowdown came in the surprise fall in the volume of goods sold in the shops last month and the first rise for 26 months in the number of people without work claiming social security benefits. Both imply that the economy is running out of steam, although in each case the numbers were not as depressing as they looked.

City economists had been expecting high street trade to pick up last month, following an upbeat survey of retailers by the Confederation of British Industry. But figures on Tuesday showed that sales volumes fell slightly between September and October, after adjusting for seasonal influences.

The British Retail Consortium, the shops and stores trade association, said that low consumer confidence and the weakness of the housing market had depressed spending. But the mild weather also prompted a sharp drop in sales of clothing and footwear. This could easily rebound if the inevitable cold weather gets people into restocking their winter wardrobes.

As for October's small increase in unemployment, it amounted to just 200 people - and is likely to be revised away when the Central Sta-

Evidence of a slowdown



tistical Office (CSO) in coming months. As in July, the figures were distorted by the number of weeks in the month and the long-term influence of growing student numbers. The CSO thinks unemployment is still falling by between 10,000 and 15,000 people a month if you look at the underlying trend.

The apparent weakness of economic activity may nonetheless have provided a respectable motive for cuts in taxes and base rates.

This week's figures showing a big fall in inflation and a surprisingly large government debt repayment have meanwhile given Mr Clarke more latitude to deliver them.

The headline rate of inflation dropped from 3.8 per cent in September to 3.3 per cent in October, as the retail prices index recorded its biggest fall for the time of year since 1944. The decline was far more dramatic than City economists or the Bank of England had expected, making it more difficult for Mr

Eddie George, the governor, to resist calls for lower rates.

On prices, however, the overall figures were flattered by two special factors: seasonal food prices posted their biggest decline for any October since 1960, while mortgage interest payments fell as lenders endeavoured to boost the housing market. Mr Geoffrey Dicks, economist at NatWest Markets, says that the inflation rate would have been unchanged without these two factors, which may not endure.

Markets' political pointers

Kersley, UK equity strategist at Barclays de Zoete Wedd.

In the past, Labour has not always been bad news for London's equity markets. The 1980s Wilson administration, for example, contained two very good years for shares, 1987 and 1988. However, Labour's anti-inflationary record is unimpressive and as a result bond markets have tended to perform poorly; gilts lost almost two-thirds of their real value between 1974 and 1979.

Mr Nigel Richardson, head of bond research at Yamaichi International (Europe), says the bond market's fear of a Labour government showed in the summer when, after Mr John Major's resignation as

Conservative party leader, there was some talk of an imminent change of administration. "Gilts yields rose sharply."

The efforts of Mr Blair to paint his party as "New Labour" have had some impact. According to Mr Dick Barfield, director of investment at the life assurance giant Standard Life, "there has been an awful lot more contact between Labour and financial institutions than before and it has probably been rather more effective than the 'prawn cocktail offensive' which preceded the 1992 election."

The City feels the gilt market has less to fear from Labour than it used to, given the party's apparent commitment to public spending

restraint and low inflation.

Equities may be a different matter. "The common theme is transferring income from the corporate sector to the personal sector," says BZW's Mr Kersley. Labour's plans for a minimum wage, for example, would probably hit shares in the leisure, retailing and brewing sectors where pay per employee tends to be lower. Proposals to attack profits in the utilities sector would also hit an important element of the stock market.

Perhaps the biggest fear of all is that Labour would reform the taxation of dividends to discourage companies from paying out money to investors, rather than retaining profits for investment.

Since dividends are so important to the pension funds and insurance companies which own the bulk of UK equities, a cut in the payout might severely hit the market. However, the possibility of a change does not seem to be factored into share prices. "The prospect of a Labour government is priced into gilts but not into equities," says Professor Tim Congdon of Lombard Street Research. "Equity investors are not thinking hard enough about the taxation of dividends and dividend growth."

Such worries may come to the forefront in the spring of 1996. "If investors believed that an election was due in a few months' time, Footsie wouldn't be at the 2,800 level," says Mr Kersley.

Philip Coggan

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fax"), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Professional discipline

From Mr John A. Chudley.

Sir, Your leader "Backlash after Greenbury" (November 13) quite rightly points out the need for continuing guidance and discipline in the practise of company directors. However, another committee sitting for a year or more and then issuing a report which becomes a nine-day wonder is not, in my view, the answer.

Surely the only right way to control abuse and encourage efficiency on a continuing basis is to have a full professional body for company directors, the elders of which would see the damage being done to the profession as a whole by the greed of the few. They would make known their displeasure in a practical way while at the same time promoting best practice and defending proper remuneration for the responsibility carried by directors and sensible incentives for achievement.

John A. Chudley,
4 Tripolos Street,
Napfion, Greece

Russian oil companies not given away 'on the cheap' following privatisation

From Mr Peter Houlder.

Sir, As the principal strategic advisers to many of Russia's leading oil companies, we would like to correct some of the misconceptions appearing in your editorial "Russia: sale of the century" (November 15).

Russian oil companies are already taxed at internationally equivalent levels with some 60 per cent of net revenues going to the state. The primary reason for both low government tax receipts and low oil company profits is the artificially low internal price of oil, which has remained at a fraction of world prices, despite the advice of western (and Russian) economic advisers.

Low margins, plus the need for massive re-investment, result in low company valuations. Sad as it may seem the Russian oil industry is currently more or less correctly valued by the markets and cannot be said to have been given away "on the cheap". Far from trying to

corner control, most Russian oil companies are doing all they can to widen and diversify their shareholder base. The recent approval of several ADR (American Depositary Receipts) programmes by the US Securities and Exchange Commission is evidence of not just this desire, but of the significant achievements many companies have made in reaching internationally accepted standards of disclosure and transparency.

Your leader evokes the "class criminal" denunciations of the Stalinist period. Besides tarnishing the reputation of conscientious managers in the industry, you have possibly succeeded in damaging the industry's ability to regenerate itself.

Peter Houlder,
managing director,
The Centrefirst Group,
Vrubel Street,
Moscow, Russia

Fly-fishing in bygone era

From Mr Ronald Halweil.

Sir, I look forward to Tom Fort's contributions to the Weekend FT, and I look forward to reading his new book. As a lifelong fisherman with more than 45 years' experience in fishing ponds, lakes, streams, rivers and coastal surf, I was dismayed by Philip Kerr's negative comments in his review of Fort's book (Books, November 11/12) on Isaac Walton's classic book. This gem of a book gives a glimpse of fishing in a bygone era when ponds, lakes, streams, rivers, and ocean coasts were teeming with fish. Walton carefully explains his techniques, a stout pole, strong twine, lively bait, which contrast so strongly to the hobbyist catch and release techniques of the modern fly-fisher, who disdains manual contact with fish.

All of my fishing friends have enjoyed Walton's classic on this side of the Atlantic.

Ronald Halweil,
786 Ave C,
Bayonne, NJ 07002, US

Economic damage of shut down

From Mr Albert Cherer.

Sir, One would suppose from the continued rise of the American markets that Wall Street is immune to the shut down of the US government; perhaps even a little bit glad that the monster "deb" will have a knot tied in its tail. This reassures world investors that the American market is firm in the face of this impasse.

As a humble sales clerk let me say that the people of Maryland are not buying. They are not buying as the crucial Christmas selling season begins in earnest. Shoppers are not shopping in one of the top five metropolitan areas in the nation. This is not an economy predicated on thrift or savings.

If this "political" event is over in a day or two it will merely be seen as one more round in the posturing between the parties. Give it a couple of weeks into the Christmas shopping season, however, and the 800,000 workers without income - especially the concentration around Washington DC - will see millions of people either lose their jobs, cutback inventories, reduce savings, or defer purchases.

It is wishful to think that the economy in the fifth most populous state of the Union, Maryland, in which the highest concentration of federal workers lives, can endure this loss of spending without collapse.

A collapse here will reverberate nationwide, and in turn worldwide.

Albert Cherer,
3273 Sudlersville 5,
Laurel,
Maryland 20724-2246, US

Time to develop public confidence in a single European currency

From Mr Keith Richardson.

Sir, The new report from the European Monetary Institute marks a significant step forward in the technical preparation for a single currency ("Euro-bank urges slower change to single currency", November 15). It is now time to concentrate more effort on psychological preparation: how to build confidence in the minds of the general public in the value and stability of the new currency. May I suggest that it would be extremely

helpful in this regard if the new currency unit were pitched at the "heavy" end of the spectrum, for example at 10 Ecu, some 28 or DM18. This would bring a number of advantages.

- All conversions would be done "in the same direction", which would simplify everybody's mental arithmetic.
- The new unit's high value would be a comfort factor, especially for less sophisticated users.
- The new unit would be issued

only in note form and so could be in use more quickly than any coins.

- Most retail transactions would take place only in sub-units, and at this weight the natural sub-unit would be one-thousandth, call it a mil, which would eliminate any confusion with the variety of cents and centimes in national use.
- At the retail level the national currencies could then convert to a whole number of sub-units with a reasonable degree of precision, for example the D-mark at 55 mils, the

French franc at 16, the pound at 120, which again would facilitate everybody's process of understanding.

The details are for discussion, but I submit that this process of confidence building in a user-friendly system should now become a very top priority indeed.

Keith Richardson,
European Romm Table,
75 Avenue de l'Industrie,
1150 Brussels, Belgium

Cruise line
throw eli
overboa

Competition for passengers
increasing. The demand
for Scheherazade D

A

Prospect is a new monthly magazine that will provide the thoughtful overview and intellectual stimulus that has become all too rare in the UK. International in outlook, politically pluralistic and offering analysis and fine writing, it's designed to be dipped into, savoured and kept. So you can look forward to high octane writing month after month. For a free copy and a trial subscription, which you may cancel call (0171) 757 7029.

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THE MAGAZINE FOR A SCEPTICAL AGE
Prospect

Man in the News • Bill Clinton

A conciliator fights back

The president's performance is assuaging doubters, says Jurek Martin

The Week They Closed The Government, the low budget but blockbuster movie, opened in America on Tuesday for the first time. Though it was months in the making, national critics did not like it much nor understand it, particularly the \$800,000 civil servants who were ordered to stay home. Many tried to take refuge in the Grand Canyon, or the Vermeer collection on show in Washington, but were locked out. More tried to leave the country but could not get passports.

Still, even the most disaffected could not deny that the stars - President Bill Clinton, Newt Gingrich, House speaker, and Bob Dole, Senate majority leader - had their moments. Sadly, the most revealing one - all three on board the presidential jet - was only portrayed as a soundless photograph, leaving too much to the fevered imagination.

For all its drama, this film will not have a long run. Federal employees will probably start going back to work next week and the government will not default on its debts this year. In reality, the screens have been filled with only a trailer for bigger budget productions to come. Yet this week may have been pivotal in more than one sense.

First, it has defined the roles, highlighted the personalities and clarified the relationships of president, speaker and majority leader - the three most important politicians in the country engaged in a titanic struggle for national

leadership, including, but not confined to, the presidency. Second, it has reduced the conservative agenda, so breathtakingly wide in its original conception, to one core element from which all else flows - balancing the federal budget in seven years but on terms dictated by the Republican party. The fight over these terms will not only dominate the weeks ahead but will shape the outcome of next year's elections.

Dick Morris is Mr Clinton's obscure but influential political adviser, recently overheard to expostulate on his cellphone from a doctor's office in Connecticut: "Don't you know I'm running the country? The best theory of 'triangulation' assumes three poles of power, the presidency and the Republicans and Democrats in Congress. To get re-elected, the president must position himself between the other two, thereby leaving at least party to the lurch the party to which he belongs."

But, if anything, Mr Clinton's performance this week in articulating the values of the social safety net has helped assuage doubting Democrats. Not since the launch in 1993 of his comprehensive healthcare reform, which failed, has he

sounded so fluent and persuasive in contrasting his vision of a just society with the "winner take all" alternative he says is espoused by Mr Gingrich. According to the polls, ephemeral though they may be, the country and his party are listening more to him.

More than that, this natural conciliator, whether on the advice of Mr Morris or not, actually seems to relish the present confrontation. When Mr Gingrich blows his top, which he does several times a day, Mr Clinton responds with a mixture of firmness and gentle humour. The word "veto" now passes his lips as it never did in the first 2½ years of his term. He even applies it to the welfare reform which only weeks ago he seemed ready to accept. But should he abandon his present stand on principles, as he has done in the past, the damage could be devastating.

By contrast, the speaker, unable not to speak on any subject, has this week seen his reputation as the uncrowned king of Washington verbally dented by his ego and verbal excesses. His admission that he precipitated the government shutdown because he had been treated without respect on Air Force One on

the return flight from Yitzhak Rabin's funeral in Israel - even complaining about being sat in the back and asked to exit through the rear door - came over as plain petty.

He almost certainly will not run for president, but one salutary poll this week found 70 per cent saying they would never vote for him under any circumstances. As Albert Hunt, the non-conservative voice on the Wall Street Journal's editorial pages, put it on Thursday: "He alienates the public, unifies Democrats and stiffens the president's notoriously weak spine. Democrats rejoice every time the speaker holds a press conference."

But Mr Gingrich still holds some cards, the ace being the commitment to balancing the budget in seven years. This still binds together not only his arch-conservative House freshmen - who had to swallow several defeats this week on their more extreme demands to impose curbs on abortion and liberalise lobbyists - but also moderate Republicans and the more pragmatic Senate. Two key votes on temporarily funding the government this week showed it had some appeal to conservative Democrats as well.

The balanced budget

remains the factor uniting a very odd couple, Mr Gingrich and Senator Dole. The revolutionary speaker and the deal-making majority leader ought to be oil and water, but several times a day they appear together repeating the same mantra, though Mr Gingrich invariably then goes off at a tangent. Mr Dole sometimes looks uncomfortable, dismissing his treatment on Air Force One with a joke ("We got on the front exit, went out the rear exit, maybe that's normal rotation") but the difference lies more in the appearances than the substance.

This is because, whatever Mr Dole's inclinations to compromise with the administration, his presidential ambitions need Mr Gingrich, at least until he has won the Republican nomination. The speaker deflects the heavy conservative fire aimed daily at the majority leader by most of the other nine Republican candidates. As one Republican Congressman put it: "Between now and the end of the primary season, Newt's approval is very important to Dole, but after the convention (next August), he's an albatross."

Mr Dole faces a tricky test of his front-running status this weekend in Florida, where

more than 8,000 registered Republicans will take part in a "straw poll" of presidential preferences. He may stay in Washington to negotiate and thus emphasise the seriousness of the government shutdown. Certainly, he would like credit for any immediate settlement, which Mr Clinton, confident he can beat Mr Dole next November, may well be willing to share.

Whether Mr Gingrich can accept any settlement short of a presidential commitment to balance the budget in seven years - and, using the congressional economic projections rather than the administration's, to force deeper reductions in social programmes - is another matter. Mr Dole is an artist at never giving absolute hostages to fortune, but Mr Gingrich offers them every hour.

All three, however, face another problem - outright public disaffection with what is widely seen as yet another display of "politics as usual" in Washington. Predictably the pundits are now out in force lamenting that retired General Colin Powell had backed out of the White House race because he would never have allowed events to come to this pass.

The only present alternative, however, is Ross Perot's fledgling party, the threat of which may need to be taken more seriously, with or without its founder as a candidate, if deadlock persists much longer. Both Mr Clinton and Mr Gingrich warned this week it could last another 90 days. If it does, the cinemas will be empty.



Cruise liners throw elitism overboard

Competition for passengers is increasing as demand slows, says Scheherazade Daneshkhu

At the Fincantieri shipyard near Trieste in Italy, workers have just waved goodbye to the 77,000-ton Sun Princess, the world's largest cruise liner, which starts its first cruise in the Caribbean in two weeks. The 3,000-ton vessel - which belongs to Princess Cruises, part of the UK's P&O shipping group - is one of 30 liners being built as companies vie with each other to produce the biggest and best ships.

P&O's new flagship will be overtaken in size next year by Destiny, a 400m, 100,000-ton ship belonging to US-based Carnival Cruise Lines, the world's largest cruise company. Destiny will itself be surpassed in 1998 by another Princess Cruises ship, the 104,000-ton Grand Princess.

With all these launches, one might expect demand for cruises to be soaring. And indeed the number of passengers has more than doubled to just under 5m over the past decade.

But it has been a difficult year for the \$7bn industry,

Cunard reported losses of \$5.9m in the six months to March 31 because of lower than expected occupancy. It also suffered a public relations disaster after its flagship, the QE2, set sail with passengers in December before a refit was complete.

But Mr Bates, like most in the industry, is confident about the market's potential. The so-called baby boomers are entering their 50s - the peak age group for taking cruises. The industry expects this to help push the number of people taking cruises to 8m by 2000.

As well as aiming to cash in on these demographic trends, the industry has been trying to broaden its appeal, for example, to younger couples and the less wealthy.

Mr David Dingle, marketing director at P&O Cruises, says cruising now appeals to a wider social spectrum. Instead of retired sailors, passengers today are just as likely to be anpermarket managers or building surveyors.

A much greater degree of informality has been introduced: the Sun Princess has a 24-hour brasserie and a pizzeria, as well as bars and two formal dining rooms.

The UK market was also broadened this year with the entry of Airtour and Thomson, the UK's largest mass market tour operators.

They are offering cruises at prices around half the industry average of \$1,300. Mr John Drysdale, chief executive of Sun Cruises, Airtour's cruise division, says the vast majority of holiday-makers on its ships this summer were cruising for the first time.

"We have shown that cruising is not the type of expensive, old-age holiday that it was before," he says. But a question remains over whether demand will keep up with the supply of new ships coming on to the market.

Mr Mark McVicar, transport analyst at NatWest Securities, believes it will, and says much of the growth in demand has been driven by bringing in new ships.

However, he expects the market to be increasingly dominated by the larger cruise companies - Carnival, Royal Caribbean, Princess and Costa, the Italian company. Many of the smaller operators are already finding the going tough. Regency Holdings, the parent company of Regency Cruises, a medium-sized company, this month filed for bankruptcy protection in the US because of debts caused in large part by the costs of acquiring a new ship.

"You have to succeed in this industry," says Mr McVicar. "Many of the smaller companies have old tired vessels... When the market is tough, the smaller operators get crucified."

with competitive pressures leading to discounting of up to 30 per cent.

Moreover, demand has started to fall for the first time since the 1980s - at least in North America, which accounts for more than 80 per cent of the market.

The number of North American cruise passengers fell by 4.5 per cent in the first quarter, against the same period last year, and by 7 per cent in the second.

Cruise Lines International Association, the industry body based in New York, expects a comparatively strong second half, however, and forecasts that the total for 1995 will reach 4.6m passengers, up from 4.4m in 1994. "There was a drop in the early 1980s too so we are not concerned," it says.

Mr Peter Bates, a senior vice-president for worldwide marketing and sales at Cunard, part of the Trafalgar House group, agrees that this year is "probably a blip".

"The industry has suffered a difficult year from the new stock coming on line which has led to a lot of discounting because people have panicked," he says.

THESE CRUISES HAVE LOST SOMETHING SINCE THEY WENT FOR THE YOUTH MARKET...

Philip Long

Army's man holds key to peace

After winning the election, Algeria's president needs to halt the bloodshed, writes Roula Khalaf

The usually stern-faced Mr Liamine Zoueral was so elated yesterday after his win in Algeria's presidential election that he allowed himself a rare smile as he vowed to act as president for all Algerians.

His victory is not so much that he will stay on for another five years - as a former army general, he was appointed president in January 1994 and was expected to win. The real victory is that the election was held at all. A call for a boycott by Algeria's main political parties was largely ignored, and Islamic militants did not succeed in carrying out their threats to disrupt the poll.

Opposition leaders, pointing to the fact that the Islamic Salvation Front (FIS) is banned and that Algerians were under pressure from the government to go and cast their votes, say the election was staged. But even if the new 75 per cent turnout announced by the government is inflated, and some people voted because they believed the rumour that it was a requirement to obtain official documents, many Algerians did vote on Thursday - and a majority of those cast their votes for Mr Zoueral.

These Algerians were motivated not by support for the policies of the Algerian regime but by the hope that their votes might help Mr Zoueral end the violence that has already claimed more than 40,000 lives since the outbreak in Algeria in the last week was that nothing would be lost by

voting, and maybe peace could be won. "We have hope that Zoueral can end the violence," is how one school administrator put it.

The question today is whether - with the same man at the helm - tomorrow's Algeria can look any different from yesterday's. The answer, according to politicians and diplomats in Algeria, depends on whether Mr Zoueral, bolstered by the popular vote, manages to act independently of the army generals who helped to get him elected.

Even Mr Zoueral has said that the election in itself cannot solve Algeria's problems but can only contribute to a solution. The violence that has gripped the country since 1992, when the army cancelled elections that the

FIS was expected to win, is Algeria's biggest problem. Although the government has made significant gains against Islamic militants, some officials doubt that the relative calm imposed during the election campaign by an overwhelming show of force can be sustained.

"Now that Zoueral has been elected by people who think he can end the violence right away, the pressure is greater on him to deliver," says one Algerian diplomat. To accomplish this, the same pre-election requirement of dialogue with the FIS holds. "The violence can never be dealt with only by force, it requires a political solution," says the diplomat.

Crushing Islamists by force - the policy advocated by hardline generals and adopted until now - is not one that can co-exist with democracy, adds an Alger-based western diplomat. "You cannot get away from the fact that this is a deeply divided society."

The election was a setback for both the FIS and the two main secular opposition parties - the National Liberation Front (FLN), the former ruling party, and the Berber-based Socialist Forces Front (FFS). The latter two parties had joined with the FIS earlier this year in insisting that elections could not be held before negotiations to end the violence.

But the strong showing in the poll of Mr Mahfoud Nahnah, a moderate Islamist opposed to the FIS, coupled with the poor showing of anti-Islamist hawk Mr Said Saadi, suggest that

some form of Islamic fundamentalism is alive and well in Algeria.

Mr Nahnah, who won more than 25 per cent of the vote, could not have done so had some FIS supporters not voted for him. This suggests that government attempts to demonise the FIS have not borne fruit, and that the FIS could still command a significant percentage of the vote if allowed to stand in legislative elections.

"They cannot reshape the political scene in an artificial fashion," says Mr Abdelhamid Mehri, secretary general of the FLN. "They can write it on paper, but will they really manage to solve the problem of the country by counting on one part of the population and excluding the other?"

The grim faces of people queuing to vote in places such as Saoula, an Islamic stronghold outside Algiers, told the story of a fractured society. The people of this town, which has known the wrath of Islamic extremists and the repression of security forces, seemed to find little joy in voting; they did it mechanically, surrounded by security forces.

Mr Zoueral's aides have said that he will hold legislative elections in the near future, a move urged by the French government, but it is not clear whether he will encourage the parties that boycotted the presidential elections to take part in the legislative ones, or whether he will allow the FIS to participate.

"The election has engaged the Algerian people, whether we like the outcome or not," says former prime minister Mr Mouloud Hamrouche. "It changes a lot but there is one risk - the heavy pressure to say that now it's done and we have obtained legitimacy, we will close the political field."

The Algerian government's actions in recent months are hardly encouraging. While insisting that the presidential election is an exercise in democracy, the government has attempted to silence the parties that called for a boycott and, according to Mr Nahnah, harassed and intimidated his supporters. A carefully worded editorial in the independent Algerian daily La Tribune this week was already warning of a drift towards totalitarian policies.

Mr Zoueral now faces a daunting challenge. For Algerians who cheered him at rallies, the president is seen as having a clean reputation in a regime they consider corrupt. People who know him say he is eager to find a lasting solution to Algeria's crisis.

But he will have to try to do so without upsetting various factions in the army and the administration. "He may be caught between the public who voted for him and the clashes of the factions," warns Mr Hamrouche.

Algeria's rulers were this week taking pride in having held a presidential election with several candidates, pointing out that such a contest was a rarity in Arab countries. Ironically, however, the election has put the fate of this country in the hands of one man - as is the case all over the Arab world.

The thoughts of Oskar Lafontaine

On German monetary union:

"The E-Mark is introduced in East Germany for test and without preparation. It will be unbelievably expensive for the ordinary man and the [East German] economy will be destroyed."

(August 1990)

On European economic and monetary union:

"There should be no European currency unless it is absolutely certain that it will be just as stable as the German mark."

(October 1994)

On Emu and electioneering:

"We cannot simply ignore what three-quarters of the people of Germany are thinking... Monetary union concerns me particularly because I had already warned that inner-German monetary union would lead to too large tax increases, and long-term transfer payments to the east."

"I want to make sure that monetary union is not carried out in the same way, without people being properly aware of what it will mean to them."

(November 3 1993)

Triumph of the little man

Germany's SPD will take a less predictable line on economic and monetary union under its new leader, says Quentin Peel

his own ideas. Often, he can be irreverent when he should be serious, but at least he is never predictable.

He was the man they say was favoured by Mr Willy Brandt, the father-figure of the SPD over the past three decades, who promoted ambitious young "grandchildren" to take over the leadership. Oskar got there first, ahead of Mr Schöping and Mr Schröder, when he was nominated as candidate for chancellor against Helmut Kohl in the unification election of 1990. But he blew it by being altogether too honest.

To this day, Mr Lafontaine cannot forgive or forget the cir-

cumstances of that defeat. He warned the people of Germany, east and west, that unification would be painful and costly. He insisted that they would have to pay higher taxes. And he sounded as if he was against the whole process of unification as a result.

Indeed, at one level, he probably was. He used to argue that German unification was irrelevant in the modern world. "It must remain our goal to overcome the nation state in a united Europe," he said then. "The transfer of national sovereignty to supra-national institutions does not mean we will lose power, but that we will gain freedom."

Yet while those sentiments make him a passionate pro-European in the mainstream of the German political tradition, his doubts over the whole matter of German monetary union have made him a deep sceptic over European economic and monetary union (Emu). Although a large majority of the SPD remains in favour of Emu, the party's line will be much less predictable under the guidance of Mr Lafontaine.

In the last election campaign he called for the renegotiation of the Maastricht treaty, and on the eve of this week's party conference in Mannheim, he refused to rule out making Emu a major election issue at

the next national polls, in 1998. He was bitterly opposed to the manner of monetary union between east and west Germany because of the havoc he knew it would wreak with uncompetitive east German state industries. They simply collapsed in the face of a flood of western imports, and the demands for rapidly rising D-Mark wages from their workers.

But Chancellor Kohl was much shrewder. He exploited the wave of national emotion over unification, and instinctively knew that the immediate effects of monetary union would be popular: east Germans went on a spending spree

with their D-Marks, buying up western cars and consumer goods, little dreaming that their own inefficient factories would pay the price.

As he campaigned through the liberated zones of the GDR, Mr Lafontaine was never able to disguise his obviously greater empathy with his French neighbours in the Saarland than with the stolid ex-communist citizens of the east. And he failed to gain much sympathy from a knife attack six months before the election, speaking out from his hospital bed against the whole process of monetary union.

In 1990 he won a majority of the youth vote. But he failed to win the east, and he failed to win the grey vote, and they are much more reliable voters in the end.

Mr Lafontaine retired to his fortress in the Saarland and at one stage his political career looked at an end. He was accused of self-enrichment by claiming a full state pension as the former mayor of Saarbrücken, on top of his generous salary as a state premier. But he survived a vote of no confidence in his local parliament, shrugging off the accusations as a "dirty smear campaign".

He did the same when Spiegel magazine portrayed him on its front cover as a would-be Louis XIV, living a luxury lifestyle in his humble homeland, and lavishing state funds on smart offices in Paris. Somehow, the dirt failed to stick.

In the end, he has proved that his party cannot do without him. It is far too early to predict if the change of leadership will be successful in unseating the seemingly immovable Chancellor Kohl and his Christian Democrats at the 1998 elections. But it will make political life in Germany far more exciting over the next three years.



هكذا من الامم

Money Market Bank Accounts

Bank	Rate	Term	Rate
TSB Life Ltd			
Champion Life Assurance, N.Y. 07101-10	50.45	0.15	0.15
Managed Fund	38.00	30.45	0.15
Property Fund	38.00	30.45	0.15
Fixed Fund	38.00	30.45	0.15
Equity Fund	38.00	30.45	0.15
Managed Fund	38.00	30.45	0.15
Property Fund	38.00	30.45	0.15
Fixed Fund	38.00	30.45	0.15
Equity Fund	38.00	30.45	0.15
Managed Fund	38.00	30.45	0.15
Property Fund	38.00	30.45	0.15
Fixed Fund	38.00	30.45	0.15
Equity Fund	38.00	30.45	0.15
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Fixed Fund	38.00	30.45	0.15
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Property Fund	38.00	30.45	0.15
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Managed Fund	38.00	30.45	0.15
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Managed Fund	38.00	30.45	0.15
Property Fund	38.00	30.45	0.15
Fixed Fund	38.00	30.45	0.15
Equity Fund	38		

FT MANAGED FUNDS SERVICE

* FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

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INVESTMENT TRUSTS - Cont.

Govett High Inc.	76 1/2	—	18
Weymouth	34 1/2	—	20
Govett Colonial	39 1/2	—	36 1/2
Govett Strategic	24 1/2	+1	23 1/2
Greenstar	4 1/2	+2	4 1/2
Greenstar Home	5	—	18
Group Div.	14	—	13 1/2
HTR Japanese Sals.	28 1/2	+1 1/2	16 1/2
Weymouth	26 1/2	—	22
Henderson Highland	23 1/2	—	22 1/2
Weymouth	23 1/2	—	22 1/2
Henderson State	1 1/2	+1	1 1/2
Henderson	1 1/2	+1	1 1/2
Henderson Int. Inc.	1 1/2	+1	1 1/2
Weymouth	1 1/2	+1	1 1/2
High Line Trust	102 1/2	—	102 1/2
High Line Trust 1000	102 1/2	—	102 1/2
Home Fed Sav. Ass.	122 1/2	+1 1/2	122 1/2

16.5 LUK Smir Co's <i>sh</i>	178	+2	716
Warrant	32		27
INVESTCO Asia Trust	860	-2	86
Warrant	237		182
INVESTCO Cos 1st	63		138
INVESTCO Eng & Inf	430	+1	47
INVESTCO Jap Dist <i>sh</i>	275		346
Warrant	139	+1	140
INVESTCO Korea	18		76
Warrant	252	-2	89
INVESTCO Tokyo	187		169
Warrant	181	+2	36
Int. Growth Yr.	36		
Warrant			

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11.6	Midwest Euro Pk	\$25	+2	275
11.6	Warrants	234	-	282
7.7	Midwest Comm Svcs	130	+3	136
7.3	Midwest Energy	130	-	136
7.3	Midwest Steel	126	-	146
7.3	Nov Debitors	854	-71	884
59.6	Lowest Steel Equities	729	-	124
7.3	Low Steel	109	+5	114
59.4	Legal & Gen Recovery	178	+3	177
9.6	Warrants	85	-	94
9.6	Low S&L	15	-	16
9.6	Midwest Growth	15	-	16
9.6	Low Smaller Co's	307	-	313
9.6	Lowland	337	+1	338
9.6	Midland	327	-	337
11.0	Midwest UK Ind	158	+2	161
9.6	Midwest	44	-	47
9.6	Midwest Euro	114	-	122
9.6	Warrants	29	-	30

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-8.3	Morgan Oil & Gas Inc. $\frac{1}{4}$	181 1/2	+1	18
-2.3	Warrants	82		
-2.3	Morgan G. Lath. Am. $\frac{1}{4}$	340 1/2		17
	Warrants	21 1/4		4
11.9	Murray Energy Holdings $\frac{1}{4}$	191 1/2	+1	13
13.8	Murray Ent. $\frac{1}{4}$	123	+1	13
	Warrants	23		2
4.4	Murray Exploration $\frac{1}{4}$	85 1/2		3
13.5	Warrants	18 1/2		17
4.1	Murray Inc. $\frac{1}{4}$	371	+2	31
	Warrants	67 1/2	+2	31
	Murray Ind. $\frac{1}{4}$	371		31
	Murray Sider. M. $\frac{1}{4}$	434	+2	46
13.8	Murray Sider. M. $\frac{1}{4}$	438		46
18.8	Murray Ventures $\frac{1}{4}$	360 1/2	+4	51

12.7					
10.3					
-4.3					
16.0	MB Smaller Co's	147	147		
4.8	Warrants	51			
12.7	Warrants	94			
12.7	Warrants	26			
11.5	Warrants	125	+3		
-1.9	Warrants	38			
3.1	Warrants	100			
1.0	Warrants	36			
	Warrants	118			
	Warrants	14			
	Warrants	67			
	Warrants	313	+1		
	Warrants	313			

19.1	Northern line	\$0	619	---	3
16.1	Old Mutual SA	\$m	1119	---	3
17.7	Warrants	---	367	---	3
17.5	Ovenshoe Inc	\$	381	-1	3
17.3	Pacific Acquis	\$m	1181	+1	3
13.6	Serra & Warrants	---	32	+2	3
1.4	Pac Harbors	\$m	441	---	47
1.4	Pantheon Intl	\$m	2001	---	47
1.4	Warrants	---	51	+2	47
14.5	Parsons French	\$	128	---	1
36.2	Peapack-J&J	\$	78	---	1
36.2	Peapack UK, Sol City & W	---	27	+2	1
8.6	Personal Aspects	\$100	287	+2	2105
12.7	Pilot Inc	\$m	107	---	5
12.7	Warrants	---	25	---	5
0.2	Primadance	\$	272	---	5

12.6	Prudential Insurance	+1	171.4	+2	171.4
20.1	Warrington		87.5	+2	87.5
	Prudential Ind.	+2	250		250
-12.9			70		70
13.9	NY Capital	+2	180	+1	180
	2nd Gen Co Ltd 2000		2198.2	+2	2198.2
	Pediatrics		75		75
17.0	Bly & Moe Smith		136	+1	136
	Warrington		36	+1	36
-21.5	St Andrew	+2	303		303
	Sacramento Valley	+2	109.1	+1	109.1
	Sacramento		21		21
12.1	Schneider US Growth	+2	116	+2	116
4.4	Warrington		36		36
3.7	Schneider Inc Growth		108		108
	Warrington		24		24
4.8	Schneider Japan Growth	+2	87.2	+2	87.2
16.9	Warrington		19.5		19.5

12.6	Scott Mountain	27	831	-5
12.4	Scott Creek	27	240	
	Scottish Loch	27	247	+1
-3.1	Scotts Dammed Side Crs	27	972	
	Warrenton	27	672	
	Scott Valley	27	713	+2
15.7	Scouder Lake	27	282	
	Warrenton	27	282	
16.8	Second Fork	27	1795	+6
8.1	Second Creek	27	464	
	Second Market	27	674	
15.7	See Tail Creek	27	874	+2
	Select Assets	27	144	
1.8	Eq Ind Sent	27	186	
	Eq Ind Sent	27	138	
5.6	SharkSCOT	27	274	
15.1	Shore	27	132	
	Shore Select	27	132	

9.0	Worcestershire	4	---
9.4	Smaller Coo	131	---
---	Worcestershire	46	---
---	Wits 90	55	---
---	Temple Bar	51	---
17.8	Worcestershire	264	---
---	Temple Bar	308	+3
---	Templeton Egg	119	+1
23.5	Templeton Egg Wits 74	48	+1
---	Templeton L&L Am	35	---
19.2	Worcestershire	14	+3
9.7	Worcestershire	248	---
---	Thornhill Adam	100	+1
---	Thornhill Adam	73	+1
2.9	Thornhill Adam	132	+1
---	Worcestershire	15	---
8.3	Thornhill Adam	168	+3
---	Thornhill Adam	168	+3
---	Thornhill Adam	168	+3

9.0	Worcestershire	4	---
9.4	Smaller Coo	131	---
---	Worcestershire	46	---
---	Wits 90	55	---
---	Temple Bar	51	---
17.8	Worcestershire	264	---
---	Temple Bar	308	+3
---	Templeton Egg	119	+1
23.5	Templeton Egg Wits 74	48	+1
---	Templeton L&L Am	35	---
19.2	Worcestershire	14	+3
9.7	Worcestershire	248	---
---	Thornhill Adam	100	+1
---	Thornhill Adam	73	+1
2.9	Thornhill Adam	132	+1
---	Worcestershire	15	---
8.3	Thornhill Adam	168	+3
---	Thornhill Adam	168	+3
---	Thornhill Adam	168	+3

4.6	Pfizer Inc.	872	1/2
6.6	TR For East Inc.	1891	1/2
3.3	Warrants	83	
	TR High Inc.	129	+1 1/2
18.3	TR Pacific	1821	
18.6	TR Prop.	274	1/2
	Warrants	44	
17.4	TR Smaller	264	+1
	Trust of Prop.	73	
	Trust Trust	187	
	Warrants	24	
10.6	US Smaller Cos.	164	
	Warrants	78	1/2
6.6	USDC	213	1/2
	Underlaid Assets	118	1/2
5.4	US Inc.	127	1/2
2.7	Warrants	21	1/2
2.7	Warrants	21	1/2

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7	8.2	Adelphia Inc.	255	
6	8.9	City of Oakland	475	
5	10.0	Warrenton	282	
4	10.0	Zoro Div FI	31	
3	12.9	Campion-Crest Inc.	718	
2	-4	Capitol Div FI	18	
1	0.1	Dartco Inc.	902	+2
	-2.9	Cap	88	
	5.7	Dartco Inc.	100	
	4.1	Cap	335	
	6.8	Dartco Div FI	101	
	18.8	Monthly Div	1088	
		Emblem Div	32	
		Zoro Div FI	131	
	-3	Emblem Div	131	
	-1.3	Inc	682	
		Zoro Div FI	355	

20.4	Voluntary Staff Grading	291	+1
2.3	Zone PI	171	+2
-	Planning Scenario Inc./Rev	250	+2
8.0	Cap Plan PI	160	+2
-	Financing B/C Inc./Rev	70	+2
11.5	Utilities	120	+1
-	Zone Day PI	234	-6
10.8	Planning for High Area	304	-
9.5	Zone Day PI	111	-1
10.7	Per & Cost Spt Inc./Rev	612	+18
-	Capital	60	-
-	Utilities	120	+1
18.8	Staff	81	+12
8.8	Materials	62	+12
-	Financial Pro. Budget Inc./Rev	62	-
14.0	Utilities	177	-
-	Zone Day PI	119	+2

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LEISURE & HOTELS - Cont.**OTHER FINANCIAL - Cont.****PROPERTY - Cont.**

SUPPORT SERVICES - Cont

ARM - Cont

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Highway 100 Comm. 20	+1	03
Modular Headline 204	—	04

Ferguson Int.	大華	233rd	—	30
Ferry Pick	大行	136	—	70

Bonds	Jan	238
Bought (4)	大十	132
Bought		100

Shel	12	150
Shawwood Exp. 大木	1180	124

100

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LEISURE & HOTELS

Hydro 100

Advertising & Agency	225	—	94
Food & Grocery	73	—	20

Durley Junction	180
EW Ford	25

European Waters First An...	42	---	84
ICI Concrete (TV) _____ tv	714	---	730

**Exchange and
To order, call**

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FINANCIAL TIMES

Weekend November 18/November 19 1995

vita
21st CENTURY
MATERIALS AND
TECHNOLOGY
TODAY
BRITISH VITA PLCShades of the Wall Street crash
haunt Bangkok stock exchange

By Ted Bardacke in Bangkok

Since the Wall Street crash in 1929, few investors have taken their stock market losses to heart as dramatically as Mr Vivat Srisammachepa, who had made his money from a sugar and molasses business in northern Thailand.

From his Bangkok hospital bed, the former millionaire ignored the pain from the self-inflicted bullet wound in his throat to explain that he tried to commit suicide in front of the stock exchange to dramatise the plight of Thailand's "small investors". Having bought on margin, they were forced by exchange rules to sell when the value of their shares fell by 15 per cent.

"Now I have nothing," said Mr Vivat, whose condition is stable. "No money, no friends, no family."

Not quite. From Monday, Mr Vivat and other investors facing forced sales will have access to a \$400m Thai government fund established to avoid losses for up to three years. Another \$800m is available for those, like Mr Vivat, who want to buy on margin. And now they only have to put up 30 per cent of the stock's value instead of the previous 40 per cent required under Thai rules.

The rapid response of the Thai government - normally slow, deliberative and divided - to bail out speculators was impressive. Within 24 hours of the shooting on Wednesday, the government accepted that the performance of the market was its responsibility and in doing so devoured from regulators' carefully constructed plans to impose some semblance of order on the wild Thai bourse.

"I don't think they should have done this because, in principle,



Vivat Srisammachepa: wanted to dramatise the plight of Thailand's 'small investors'

it's not good to intervene in the free market," said Mr Suraporn Kotsawang, vice president of CL Sahaviriya Finance and Securities. "But it's all about politics." There are plenty of other reasons, besides the government's poor image, for the stock market's near 18 per cent decline since the cabinet lineup was announced in July. Worries about inflation and the current account deficit, poor third quarter earnings and more attractive returns elsewhere top the list.

At Sindhorn Towers, home of the Thai exchange and several brokerage houses, 20 unhappy investors were protesting yesterday that they do not want to have to borrow money to meet their obligations. They want the forced sale requirements abolished altogether.

"I knew the rules, but I'm not a monk. I'm greedy and want to make money. And to make the big money, you buy on margin," shouted protester Mr Vorapoi Sirivattimol.

"The exchange index should go up, but it doesn't because of the government."

Mr Warachin Sittimankian said he lost no less than 1m baht (\$39,000) in the past few weeks, also buying on margin. "I play the market based on mood and I made a mistake about the mood," he said.

In the far corner of the trading room of Dhama Siam, a local broker, a young Chinese woman, contemplated graphs on a screen. A full-time investor for about a year, she says she always buys with cash and trades mostly on technical factors - "resistance

level" is the phrase she pronounces best in English. "I come to Dhama Siam because it's close to my house. Less traffic," she said. "But I also like Jardine Fleming because the chairs are comfortable."

Mr C.S. Liang, wearing a safari suit, slim gold watch and no shoes, fills out a "buy" slip with a Waterford pen. He is ambivalent about the government's new plan. "Subsidising speculation is not a good policy," he said. "They should be using our tax money for other things."

But he also acknowledged that he is buying because he thinks the market will go up - as it did, closing up 1.8 per cent yesterday - because of the increased liquidity and effective end of forced sales. "Right now I'm in for the long run. Three or four months."

Bosnia peace talks near critical point

By Bruce Clark in Washington and Paul Wood in Belgrade

Senior members of the US government headed for the Bosnian peace talks in Dayton, Ohio, last night amid intense speculation that a breakthrough, or possibly a breakdown, could come tomorrow or Monday.

Mr Nicholas Burns, State Department spokesman, said talks between Serbia, Croatia and Bosnia had reached a "defining moment" but very difficult issues still had to be resolved.

Mr William Perry, the US defence secretary, arrived at the

Wright-Patterson air base with a view to fine-tuning military arrangements in a Bosnian peace deal, including a controversial proposal to deploy about 20,000 US troops as part of a Nato-led peacekeeping force.

General George Joulwan, the US officer who would command the force, was also due in Dayton. Nato officials said deployment of a peacekeeping mission would still require the approval of the UN Security Council, and of Nato ambassadors who are due to review Gen Joulwan's plan on Wednesday.

The Pentagon said Mr Perry

wanted to "provide first-hand advice to the president and Congress on the US military role in implementing a peace accord if one is reached".

Congressional resistance to the despatch of US ground troops continued to run high as the Dayton talks, in progress since November 1, moved into their final stages.

"The mood of the American people is that they do not want troops sent to Bosnia," said Representative Joel Hefley, the Colorado Republican who is leading moves to stop President Bill Clinton from deploying peacekeepers

without lawmakers' permission. Mr Warren Christopher, US Secretary of State, was expected in Dayton last night, after cutting short a visit to Japan, but aides said his arrival did not mean that success was certain.

Croatian President Franjo Tudjman, apparently assuming that a comprehensive peace deal was imminent, said it would be accompanied by a full normalisation of relations between his country and Serbia. Mr Tudjman also promised to co-operate with an international tribunal on war crimes, which has indicted six Croat commanders.

Shell faces sanctions threat

Continued from Page 1

phosa said Mr Saro-Wiwa had campaigned against Shell's investment in Nigeria's Ogoni region. He said the South Africa-Nigeria Democracy Support Group, formed by various organisations in South Africa, would probably put further pres-

sure on Shell to divest. Mr Ramaphosa yesterday met Mr John Major, the UK prime minister, and asked him to press for international economic sanctions against Nigeria through the European Union and the United Nations. Mr Major said talks with the US and other nations must precede any possible sanctions.

Chirac cancels summits

Continued from Page 1

testing by France and China. Other EU supporters of the anti-nuclear UN resolution were mainly from northern Europe and Scandinavia. Many of their leaders have already been criticised or snubbed diplomatically by Paris for opposing testing. France

had asked its EU partners that, if they did not feel able to follow the UK in opposing the resolution, they should at least abstain. Germany, Spain and Greece did so. An Elysée official conceded France might be running a risk in offending Italy, which will hold the EU presidency for the first half of next year.

FT WEATHER GUIDE

Europe today

High pressure south of Iceland will bring mainly dry and sunny conditions to the British Isles, although a shower is possible in Scotland.

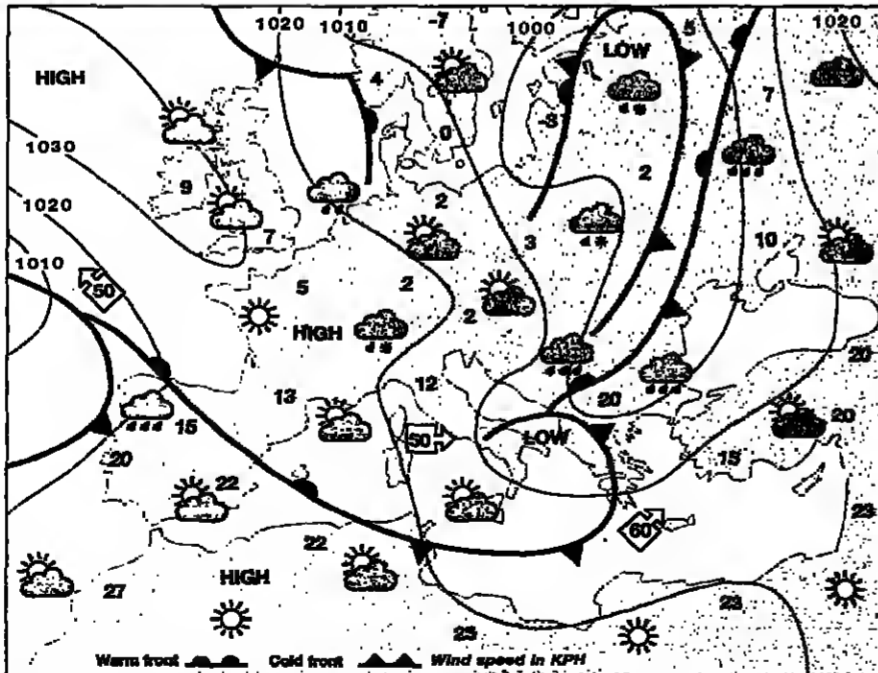
France will be dry and sunny. The north of the Iberian peninsula will have heavy rain, while the south will be sunny, especially along the Spanish coast. Cold, northerly air will flow into central Europe, producing snow in the Alps and more snow showers as the air moves into Poland. Further south, the cold air will bring rain to the Balkans as it meets warmer air over the Mediterranean.

It will be cloudy in Russia and heavy rain is expected.

Five-day forecast

High pressure over the continent will bring mainly sunny and dry conditions to southern parts of the UK, most of France and to southern Spain.

A stalled front will bring rain and cloudy conditions to northern Spain, the Benelux, Germany and parts of central Europe.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	31	Beijing	15	Caracas	32	Faro	15	Madrid	15
Accra	31	Belgrade	15	Cairo	26	Frankfurt	15	Melbourne	15
Algiers	22	Bombay	22	Casablanca	26	Geneva	15	Mexico City	15
Amsterdam	15	Buenos Aires	22	Cebu	32	Hamburg	15	Moscow	15
Athens	21	Calcutta	22	Dakar	32	Heidelberg	15	Mumbai	15
Bahia	21	Chengdu	22	Dallas	15	Hong Kong	25	Nairobi	15
Bangkok	21	Cairo	22	Delhi	32	London	15	San Francisco	15
Bombay	22	Cape Town	15	Dubai	32	Los Angeles	15	Seoul	15
Buenos Aires	22	Chicago	15	Dublin	15	Manila	25	Singapore	15
Calcutta	22	Cologne	15	Edinburgh	15	Medan	25	Stockholm	15
Cairo	22	Dakar	32	Geneva	15	Miami	25	Taipei	15
Cebu	32	Dallas	15	Hamburg	15	Manila	25	Tokyo	15
Chengdu	22	Delhi	32	Heidelberg	15	Mexico City	15	Warsaw	15
Chicago	15	Dubai	32	Hong Kong	25	Moscow	15	Wellington	15
Cologne	15	Edinburgh	15	London	15	Mumbai	15	Winnipeg	15
Dakar	32	Geneva	15	Los Angeles	15	Nairobi	15	Zurich	15
Dallas	15	Hamburg	15	Manila	25	San Francisco	15		
Delhi	32	Heidelberg	15	Medan	25	Seoul	15		
Dubai	32	Hong Kong	25	Mexico City	15	Singapore	15		
Edinburgh	15	London	15	Moscow	15	Stockholm	15		
Geneva	15	Los Angeles	15	Mumbai	15	Taipei	15		
Hamburg	15	Manila	25	Nairobi	15	Tokyo	15		
Heidelberg	15	Mexico City	15	San Francisco	15	Warsaw	15		
Hong Kong	25	Moscow	15	Seoul	15	Wellington	15		
London	15	Mumbai	15	Singapore	15	Winnipeg	15		
Los Angeles	15	Nairobi	15	Stockholm	15	Zurich	15		
Manila	25	San Francisco	15	Taipei	15				
Medan	25	Seoul	15	Tokyo	15				
Mexico City	15	Singapore	15	Warsaw	15				
Moscow	15	Stockholm	15	Wellington	15				
Mumbai	15	Taipei	15	Winnipeg	15				
Nairobi	15	Tokyo	15	Zurich	15				
San Francisco	15	Warsaw	15						
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Stockholm	15	Zurich	15						
Taipei	15								
Tokyo	15								
Warsaw	15								
Wellington	15								
Winnipeg	15								
Zurich	15								

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THE LEX COLUMN

Eurofighter revs up

The latest Eurofighter compromise could be the push that finally gets the £3.2bn defence project off the runway. It still needs formal approval from the British and German governments. But with the two main contractors - British Aerospace and Daimler-Benz Aerospace (Dasa) - behind it, this should be a formality.

After months of deadlock, the key to the deal is Germany's purchase of another 30 to 40 aircraft. That brings sales to Germany to around 180 from an initial production run of about 800 aircraft. This is still short of the 260 to 280 that Britain will buy, but enough to allow Dasa to keep its original one-third share of the production work.

A deal is better than no deal, but this is not a perfect solution. To date, Eurofighter has been a textbook example of how not to run a large defence project. The principle that all four partners - including Italy and Spain - should have a share of the work has resulted in cost overruns and delays. Eurofighter's board, staffed with representatives from all sides, has failed to make clear decisions.

Unfortunately, this compromise preserves the existing structure. As Eurofighter moves from development into full-scale production, the appointment of a prime contractor to inject some commercial realism looks like the only sensible move. British Aerospace has argued - with some justification, since it is the most efficient - that it should take on this role. Instead, it is more likely to limp along without clear leadership.

Yesterday's announcement that government guarantees for Swedish banks will end next year draws a line beneath the successful rescue of the industry. After the banking crisis at the start of the decade, profitability has returned. The sale of the first tranche of Nordbanken, which had to be brought under state control, has already been completed.

The bail-out of the bank-cases has been effective, if costly. But the resentment felt by better managed banks such as Svenska Handelsbanken is understandable. Nordbanken is now a large and well-capitalised rival. But there was no other option. The government could not have allowed banks to go bust without jeopardising the entire system.

Rapid return to the private sector is now the best course. Other banks who claim they are better run will have a

FT-SE Eurotrack 200:

1541.3 (-1.4)

Swedish banks

Sector relative to the

Affairs/General Index

120

100

80

60

40

20

1990 91 92 93 94 95

Source: FT Econ

Weekend FT

The force behind a dramatic century

Why is the role of science in everyday life misunderstood? Scientific adviser to the government Robert M. May explains



The way in which people live has probably changed more in the last 100 years than in all previous centuries put together. Yet how many people fully understand why?

This great human drama is equally seen in social and political terms, with advances in science and technology merely providing stage props. But this is the wrong way round: profound social changes have been caused primarily by our increased understanding of how the natural world works. Social and political changes then follow, often in ways which were neither intended nor even guessed at. Science is not just the stage manager, but the playwright in the story of our century.

Yet in spite of this influence, the significance of science is still widely misunderstood and this may have contributed, in Britain at least, to a potentially serious neglect of its contribution to economic progress. Whatever the public image of science, Britain still attracts young people to study it. Unfortunately, the country is less good at making use of those skills.

According to a recent European Commission report*, the number of 20 to 24-year-old stu-

dents graduating in science in Britain is 14.3 per 1,000, second only to that in France (15.7) and well ahead of (West) Germany (8.6). Three other strong competitors, the US, Japan and South Korea, also produce proportionately fewer science graduates than Britain.

For engineering graduates the order changes significantly: Britain's score is 6.7, well behind Japan (10.5), South Korea (7.8) and only just ahead of the US. If we look at how many of these science and engineering graduates get jobs related to their studies - in universities or industry - the picture changes again. The number (per 1,000 of the total workforce) is highest in the US (7.6), closely followed by Japan (7.3), with Britain (4.8) trailing behind Germany and France.

If these figures are part of the story of Britain's industrial decline, they also reflect the country's wider social attitudes towards science: a sense that science is concerned with arcane theories about exotic phenomena and has little to do with everyday life. But this last idea is profoundly mistaken.

Just think, for example, of Britain 100 years ago. Then, the average professional lived in a house supported by one or more full-time domestic ser-

vants. Much hard work was needed to wash clothes or feed families. Today, in north Oxford, these same houses are often inhabited by working couples, whose servants now are refrigerators, washing machines and other appliances. Electricity takes the place of human labour.

When Faraday, Maxwell and others were experimenting with magnets and tiny electric currents around the middle of the last century, they foresaw some of the potential applications. But no one could have predicted the changes in the structure of society which would ultimately follow.

Consider another example: the extraordinary change in the fraction of the population needed to work the land, producing food. Until the beginning of this century, most people were peasants and farmers, even in industrialised countries. These age-old patterns have been transformed. The changes have reduced agricultural workers to a tiny minority in the richer countries and are still accelerating in most parts of the world.

Even by the 1930s only two of the industrial countries (Britain and Belgium) had reduced the numbers employed in agriculture and fishing to less than 20 per cent of the

population. In Germany and the US, in spite of the improvements, the proportions were still around 25 per cent. In less developed countries, such as Bulgaria and Romania, farm workers represented 80 per cent.

Today only 2 or 3 per cent of workers in advanced western countries are in agriculture.

The large questions relate directly to ourselves, and our place in the meaning of things

Bulgaria has achieved a more than five-fold reduction to around 15 per cent. Similar improvements are found almost everywhere except in sub-Saharan Africa, parts of south-east Asia and China. Laurie Lee summed it up in *Cider with Rosie*: "The last days of my childhood were also the last days of the village. I belong to that generation which saw, by chance, the end

of a thousand years' life."

These smaller proportions of workers, however, produce more food than ever before. They do it partly by large energy subsidies, in the form of machines, fertiliser, irrigation systems, and chemical and biological control of crop pests, diseases and weeds. Whereas 100 years ago it cost around one calorie of energy to bring one calorie of food energy to the table, today in developed countries it costs around 10 calories to put one calorie on the table.

At the same time, breeding programmes have produced higher yielding crops and animals, often adapted to extreme environments.

Today, people take most of this for granted. Yet underlying improved food production were fundamental advances in science and engineering, in disciplines as diverse as genetics, population dynamics, soil chemistry, the cell biology and physiology of plants and animals, and much else. And our fast-growing understanding of the molecular biology and genetic organisation of living things will undoubtedly produce further great transformations - as we learn to "bioengineer" food-production systems - in ways more sustainable than those which now depend

on the burning of fossil-fuel energy.

Another example of how advances in scientific understanding have changed our lives is in medicine. It is not only that we expect to live longer, it is also that a higher proportion of those extra years are active ones, in good health. In place of chronic toothache or George Washington's stinking ivory false teeth, the older among us keep looking good with ingenious dentistry (based on biological understanding and clever new materials).

More fundamentally, our collective expectations about safety and risk are shaped by the intuitive feeling that death before 70 is unjust, unexpected. It was not ever thus. And the change comes, more directly and obviously in biomedical contexts than in most other areas, from research directed by curiosity about how the world works.

Since the interplay between scientific understanding and everyday life is so intimate, why is it that "science" is so often seen as arcane and remote? One reason is that when newspapers, television and radio discuss science they deal with "big issues" such as the origins of the universe, or the nature of elementary parti-

cles, or the evolution of human consciousness. These large questions relate directly to ourselves, and our place in the meaning of things (or whether, indeed, things have meaning). Moreover, in Big Science the essentials can often be grasped without much need to grapple with the technicalities. So these aspects of what might be called the high culture of science can readily be engaged by people who lack any significant scientific education.

Of course, I too am interested in understanding where the universe came from, and where it is going. I too am interested in the search for the elusive Higgs boson - one of the constituents of matter which some theories say must exist but which has never been

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Joe Rogaly

Shame and royal scandals

Japan's imperial family commands respect, unlike the Windsors and their soap opera



Lady Di. Lah di dah. We are so weary of Britain's royal soap, or so we say. Perhaps, but a great many of us shall watch the Princess of Wales whenever the BBC broadcasts its TV interview with her. The worldwide audience could be huge. It is a coup for British public-sector enterprise, a potential show business success to match last year's self-promotional video spectacular starring Prince Charles. Odd, is it not? The heir to the throne and his semi-detached wife have taken to justifying themselves before the most powerful man-made deity the planet has yet known, the international media.

They cannot succeed. An institution that depends upon respect cannot survive ridicule, or worse, familiarity. The national reverence for the Queen Mother is appropriate, but it cannot be bequeathed to her grandchildren. Awe, once sagarded, is not easily restored.

Yet as a republican I have frequently been stymied by the argument that the monarch is someone to defend

with one's life. "For Queen and country" is a powerful emotional cement, perhaps irreplaceable in English hearts by a United Kingdom flag or a written constitution. The example of the US suggests otherwise, but the Americans have a different history. "Who would become the figurehead president of the federal republic of Britain and Ulster?" is a serious challenge. John Major? Douglas Hurd? Michael Heseltine? Richard Branson? The longer the list the more powerful the urge to bow before majesty.

The proper answer to this is reform. For the sake of the traditionalists, the UK may keep its palace, even when Prince Charles inherits it - but with one, vital proviso. The severance of the connection between the monarch and the elected government must be made explicit. The executive in Britain exerts its power in the name of the Queen. It is a charade, allowing the administration to get away with whatever it pleases. Her Majesty is obliged to sign what is put before her. She has little choice but to read out, as she

did on Wednesday, a party political broadcast disguised as a dignified address to parliament.

She has earned the loyalty of her public, but her name, or rather that of her office, is taken in vain. The "royal prerogative" is an undemocratic fig-leaf. It enables ministers to negotiate treaties, change interest rates, appoint their favourites to public bodies, dish out honours and peerages, and make laws under delegated authority - all without the prior approval of the elected representatives of the people. The cabinet can do much more than that, but it would be tedious to list all the possibilities. Just one more then: the government can declare war first and consult the Commons afterwards.

Other monarchies usually define the duties of their heads of states. Executive power is constrained. The kings and queens of the Low Countries and Scandinavia are told in carefully circumscribed documents what they may do and what not. These cowering monarchs - Margarethe II of Denmark, Beatrix of the

Netherlands, Karl XVI Gustaf of Sweden - command the affection of most of their subjects without being exploited in a manner that, in Britain, is an affront to democracy. Their ministers' authority is derived from the constitution, not the Crown.

A period of reticence would

The Queen has earned loyalty but her name is taken in vain

also help the Windsors. In 11th-century Japan one of the emperor's roles was to oversee the entertainment of the court. This, according to a certain Professor Yamazaki Masakazu, was "associated with sensual and amorous pursuits in the broadest sense". That sounds intriguing but it was not rehearsed on national TV. The public did know of the promiscuous adventures of

the Prince of Wales of two centuries ago. The "voluptuary" was attacked in James Gillray's savage caricatures. The Crown survived. Would it have done so had Gillray been a cartoon-strip played out on screens in everyone's home?

Professor Yamazaki's observations appear in the Japan Echo magazine of summer 1993. The Japanese emperor is very tradition-bound compared with his European counterparts, says the professor, who is also a drama critic. "If the imperial family were free to do what they pleased and enjoy themselves using the people's taxes, the monarchy would probably end up being abolished," he writes. The emperor and his family submitted themselves to countless constraints. "They have nothing like the sexual freedom enjoyed by the common people." Our Japanese authority thinks the constriction of the royal household is "an essential aspect of the monarchy". For "circumspection" I would substitute "circumspection". What people do in private is their own business, whichever

family they may have been born into. When royals appear frequently and at length to explain themselves on TV, or in serial pages of tabloid infamy, their value as national symbols is diminished. I rather liked the Prince Charles of the famous Dumbleby apology - sorry, interview - and agreed with many of his opinions. But his performance did nothing to diminish my inherent republicanism.

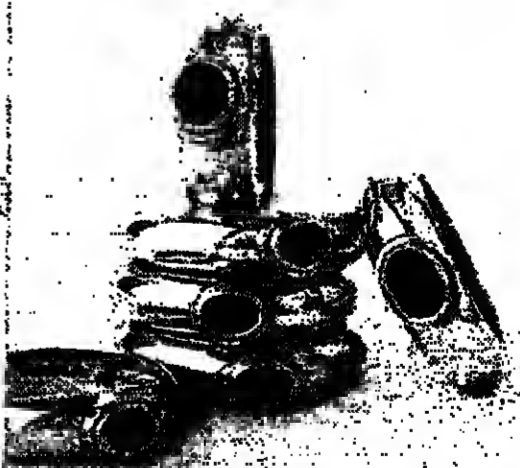
What Britain needs is either to become a federal republic, of which there is little sign, or to recreate its monarchy in the north European/Japanese image. The first half of that recipe is easy. It simply requires political intent. Perhaps Labour will, if it becomes the government, redefine the royal prerogative in a parliamentary bill. The Japanese ingredient is harder to match, for the emperor's mystique is derived from an ancient religious culture. That cannot be replicated. Some dignity might be regenerated, however. An act of self-denial, or shunning the cameras, is theoretically possible. You do not believe it? Neither do I.

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PERSPECTIVES

The Nature of Things

Western lifestyle brings on the wheeze

Pollution does not cause asthma, but it makes it worse. Andrew Derrington reports on the search for a cure

Asthma is a puzzling illness in more ways than one. It is on the increase both in the UK, where it affects up to one child in seven and one adult in 20, and worldwide. Nobody knows the cause either of the illness itself or of this increasing prevalence. And no radically new drugs have been introduced recently to treat it.

In spite of all these difficulties, doctors and scientists working on asthma do not seem to be depressed. In fact they are optimistic, even confident.

In part, their confidence stems from the fact that asthma treatment is one of the success stories of healthcare in the UK. There is a feeling too that we are on the threshold of understanding the causes of the disease well enough to prevent it.

The defining characteristic of asthma is a reversible obstruction of the airways in

the lungs, according to Andy Wardlaw, of the Department of Respiratory Medicine at Leicester University. The obstruction is caused by an inflammatory reaction that causes contraction of the smooth muscle controlling the diameter of airways, swelling of the membranes that line the airways, and secretion of mucus.

The all too familiar wheezing sound of an asthmatic attack is caused by turbulence as air flows through narrowed airways. But wheezing alone is not a sure sign of asthma, particularly in very young children, when it may result from

infection, or in the over 60s, where smoking-related illnesses such as bronchitis are common causes.

The best way to diagnose asthma, according to Wardlaw, is by the way airway resistance changes - particularly the way it increases in response to mild irritants. The increased resistance reduces the peak expiratory flow (the maximum rate at which the patient can breathe out).

Peak expiratory flows normally vary by about 5 per cent variation by more than 15 per cent indicates asthma. In acute asthma, peak expiratory flow can be reduced by 50

per cent or more. Severe asthma attacks can be life threatening.

But there is hope. "Asthma treatment is a success story of the last few years," says Michael Morgan, also of Leicester. The success has less to do with new drugs than with the drafting and widespread dissemination of guidelines for treatment by the British Thoracic Society. "Virtually every GP treats asthma in the same way, and the treatments work," says Morgan.

Asthma treatments are of two types. Bronchodilators relax the smooth muscle that constricts the airways and ste-

roids suppress the inflammation. There have been gradual improvements in formulation and in inhaler technology, but no breakthroughs. However, inhalers deliver the drugs directly to the inflamed airways so that doses, and the risk of side effects, can be kept low, says Wardlaw.

One development in asthma treatment is an increasing emphasis on teaching patients to monitor their condition, to recognise and avoid substances that trigger their attacks, and to regulate their own treatment.

Asthma is associated with a range of allergies. One of the

commonest is an allergy to the dust of house dust mites. Tiny pellets of dust coated with digestive enzymes from the mite's gut can be inhaled in large numbers, according to Fleming Carswell of the Royal Hospital for Sick Children in Bristol. The airborne pellets deliver these proteins deep into the lung. "One of the hot ideas is that exposure to these proteins at a critical age sensitises children so they develop asthma," says Carswell.

Extremely high doses and other factors such as smoking may make it possible for people to be sensitised after

the critical age, as in the case of industrial asthma. Over 100 different substances used in industrial processes are now known to be potential causes.

Nobody knows why the background level of asthma is increasing but there are some clues. There are hereditary factors that predispose people to asthma, but this is not the cause. "We know it is something to do with adopting a western lifestyle," says John Britton of Nottingham City Hospital. When South Pacific islanders move to New Zealand they develop a high incidence, whereas asthma remains rare in their relatives

who stay behind.

Although there is a temptation to blame pollution, this is unjustified. "One of the highest incidences of asthma is in New Zealand, which is one of the least polluted countries," Britton points out, however. "Although pollution does not cause asthma, it makes it worse."

Anne Tattersfield, also at Nottingham City Hospital, is optimistic about finding environmental causes for asthma. "My guess is that we could know the main environmental factors in a few years... It could be something fairly simple, something we eat, or something in the water."

And when we find the cause, it will be much easier to avoid the disease. "You can do a lot more about the environment than you can about your genes," she says.

The author is professor of psychology at the University of Nottingham.

Minding Your Own Ski Business: I

Just rewards after the thrill of the mountain

Grania Langdon-Down meets a former top ski racer

Skating for Britain brings its own rewards. But then it has to, as the financial ones are slim indeed. Ronald Duncan, one of Britain's most experienced World Cup skiers, recalls that one year, when training with the US team, the joke was that the British ski team spent less on the whole exercise than the Americans spent telephoning home.

It means the thrill of standing at the top of the Hahnenkamm in the Austrian ski resort of Kitzbühel, preparing for the toughest of the downhill races, is a large part of a British ski racer's salary.

So when the skiing career is done - and Duncan's was cut short by injury - there is almost a sense of bereavement at the loss. Adjusting to "normal life" is far from easy, but those years of hardship and a little foresight helped Duncan cope.

He recalls: "I lived a very frugal, very regulated existence while I was skiing. I went from living out of a suitcase to building up a business that lets us balance family and work. It helped me adjust."

"I knew that if I had just moped around I would have been lost."

That business is a corporate hospitality venture named Ski Monday, which began while still racing. The idea came to him in 1991 as he lay in his stomach in an Austrian hospital having sliced a large chunk out of his thigh muscle in a crashing fall.

Ski Monday's main selling point was the promise that a top skier such as Martin or Graham Bell, Konrad Bartelski

or Lesley Beck, would host a corporate event to give a first-hand account of the world of ski racing.

Duncan also hoped it might inspire corporate clients to become sponsors of the British ski team.

Even after his 1991 injury, Duncan decided that he wanted to continue racing, but the main problem was finance. "We had good sponsorship at the time but it was not quite

'It was hard running a business and racing. I got 12-page faxes as I was trying to prepare for a race'

enough to make us as competitive as the other teams."

Duncan, now 33, began ski racing when he was 16 and continued until 1993. He raced with the Scottish team and then the British, before going to Cambridge to read physics at 19. For three years after receiving his degree, Duncan combined ski racing with a job in computing until he decided to compete full-time.

"That meant 40 weeks a year on snow. Unlike most countries, Britain does not pay its ski racers, so our lives were determined by the amount of sponsorship we had," he says. "In my last three seasons, up to 1993, I was in the top 30 in the world rankings. If we had

sponsorship, I made between £10,000 and £20,000. In my last year we did not. It cost me about £25,000 and it would have been a lot more if I had completed the season."

At first, Duncan ran Ski Monday from an office in Tooting, south London, which he shared with another ski company. His wife, Lyn, 37, a management consultant in the health field, helped when she could. Duncan says: "It was very hard running a business and racing. I was regularly getting 12-page faxes asking 'what do we do about this?' as I was trying to prepare for a race."

"To compete on the World Cup circuit you have to be absolutely passionate and committed and focus completely on it. So, in one sense, it was probably a mistake trying to run both but on the other hand, it gave me a head start when I came to retire."

"I had to stop half way through the 1993 season because of a back injury. I had hurt it the previous season but it never healed because I kept trying to get back to racing too quickly."

"I knew I was skiing well that season and I really wanted to go for it. Our first child was due in the summer and I knew it had to be a good season or the last."

By February 1993, he realised it was impossible to continue. He and Lyn moved to a cottage in Brimpton, Berkshire, with space for a two-roomed office. They have since invested £15,000 in equipment and taken on two employees.

Duncan says: "The first year after I retired, I had to sort out what direction I wanted to go in. I worked on Ski Monday

part-time and spent a lot of time gardening."

Lyn adds: "We spent about a year vacillating but we had some clients and it seemed to be going all right so we decided to re-name the business Cambridge Blues and broaden the range of events we were offering."

"We would have a top rower hosting an outing to Henley, for example."

One of Cambridge Blues' aims was to broker sponsorship deals between young sportsmen and women and business people but that proved difficult during the recession.

The business has been "chugging along", relying

largely on referrals for new clients. Duncan, who has a private income from family property in Scotland, and his wife put about £40,000 into the venture during the first two years. Turnover was about £50,000 and it lost money. But the Duncans expect the last year to August will show turnover of about £250,000. "We will probably break even with that," Lyn says.

Lyn, who recently had their second child, is spending more time working on Cambridge Blues, as the market appears to be picking up.

As well as organising one-off events, the couple also offer to work on a retainer basis with clients who want to hold sev-

eral events a year. Lyn says: "The idea is that they pay us a monthly fee of £2,000 which, in effect, makes us part of their marketing department."

"We research and book all the events for them, passing the bills straight to them. This saves us cash flow problems and it means the clients know there are no extra amounts hidden in the costs."

Last year, Cambridge Blues organised more than 20 events, the biggest for 70 people at the Snowdome, an indoor skiing centre in the Midlands.

Prices range from £4,000 a head for the Monaco grand prix to £1,000 a head to take a corporate party to Kitzbühel for the downhill race, staying

in the same hotel as the British and US ski teams.

Duncan has many contacts in the sporting world to call on. Earlier this year, he took a corporate party to Zermatt, Switzerland. On the last day, the weather was terrible so he rang a friend who raced for the Swiss team and the day was spent in a neighbouring valley with lifts opened especially for the group.

Duncan also set up Astute Solutions, a consultancy that made use of his computing skills. This has now merged with Lyn's consultancy work under the name Calleva, and it brings in about £150,000 a year.

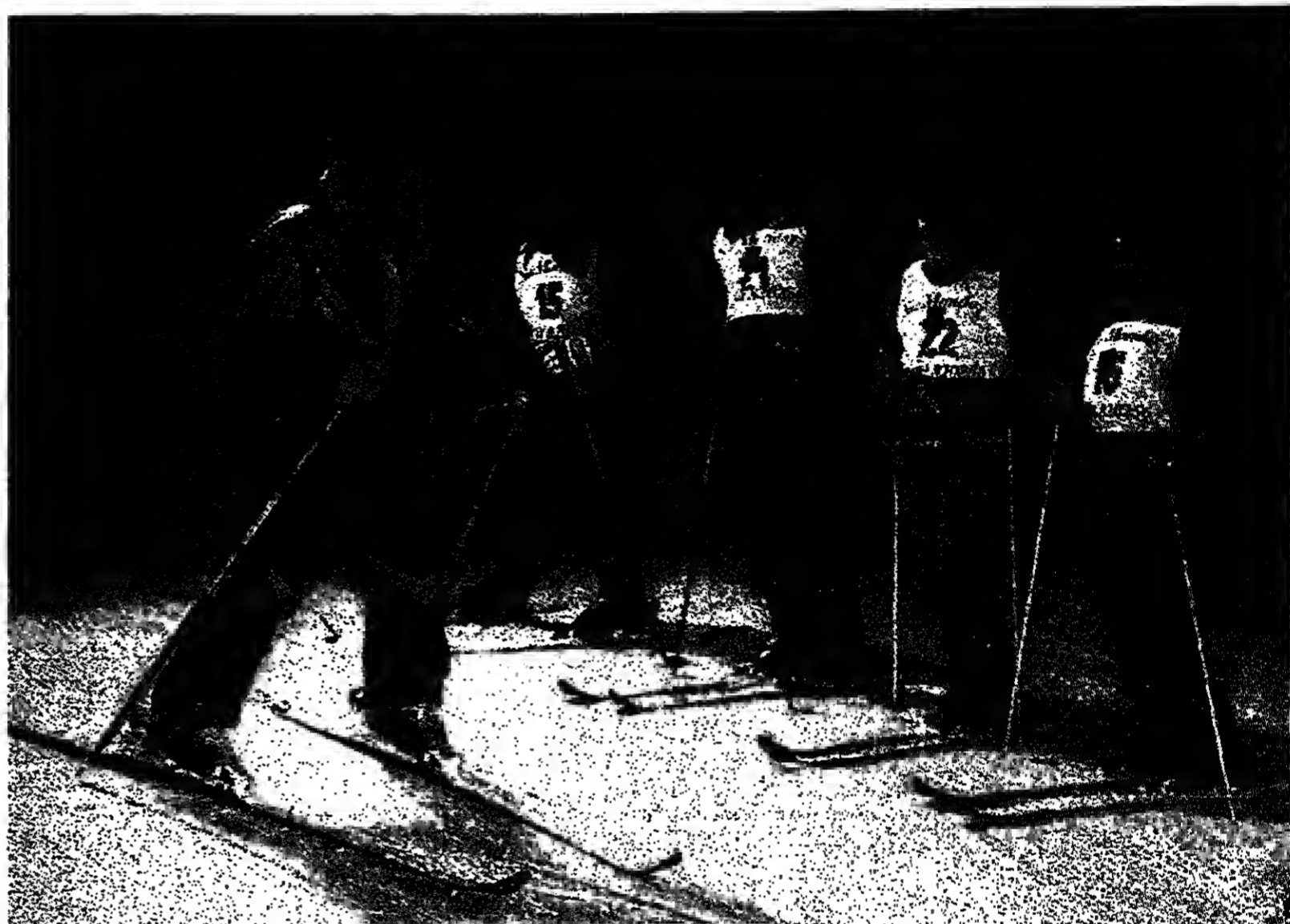
Lyn says: "It is, in effect, all profit as there are no costs to

come out of it. It was important to rationalise what we were doing so we could swap clients between us."

"I do a lot of work for professional groups and Ronald does systems work. It means we can marry together his computing expertise with my client base and, for example, tender for the development of a big health database."

While it might all sound prosaic after the thrill of ski racing, Cambridge Blues keeps Duncan in touch with the world he was immersed in for 17 years.

Cambridge Blues and Calleva, 18 Brimpton Common, Berkshire RG7 4RZ. Tel: 01754-820256; fax: 01754-820257.



Ronald Duncan and his second skiing career: the idea for Ski Monday came to him as he lay in a hospital bed

Minding Your Own Ski Business: II

Making it with the White Stuff

A simple slogan on T-shirts led to a thriving skiwear business, writes Patrick Harverson

It is the opening day of the annual Ski Show at Olympia in London, and George Treves is running late. When he finally arrives at the White Stuff stand, he is dishevelled, out of breath and carrying an armful of coat hangers.

So much for the glamorous world of ski fashion. Treves apologises for his tardiness, but he has a good excuse. White Stuff, the ski and leisure clothing company he founded with partner Sean Thomas seven years ago, is opening a shop in Fulham the next day, and the effort of organising that and helping to set up the stand at the Ski Show is testing Treves' stamina.

At least he remembered to bring the coat hangers, which are urgently required for White Stuff's stand at Olympia. The scene had been even more chaotic at the company's new offices in Balham, south London, the week before. Hundreds of boxes of clothes bound for the French Alps had arrived from the manufacturers that morning but there had been no one to unload them. While deciding where to put the boxes, Treves and Thomas were also trying to cope with

almost all of the computers in their office having gone down due to a power failure. It was, it seemed, just another typical day in the short but eventful life of White Stuff.

The company began life as a slogan "Boys From the White Stuff" - a pun on the popular Alan Bleasdale television series *Boys From the Blackstuff* - dreamed up by Treves and Thomas one idle day during the 1986-87 ski season when they were working in the French resort of Meribel. Within a year BFTWS had begun to appear on T-shirts and sweatshirts which Treves and Thomas brought from London to sell to their friends and fellow skiers in Meribel. It was not long before their BFTWS "label", with its eye-catching logo of an unruly wave of snow outlined against a dark background below Gerald Scarfield's lettering, attracted a cult following.

By the end of the first season they had £7,000 worth of French francs on the table in their ski chalet, the profit on the sales of Boys From the White Stuff T-shirts. "The demand was phenomenal," says Treves. "We said to our-

selves, 'If we can do this in one resort, just think what we could do in 10 resorts.' White Stuff, the company, was born."

The only investment in the fledgling business had been the £500 Treves had used to pay for the manufacture of the first batch of T-shirts. But from then on, all the profits were put back into the business.

As it grew, White Stuff diversified, first into promotional clothing (making T-shirts and sweatshirts for drinks brands such as J&B White and Martin) and then into general skiwear. By the start of the 1990s, White Stuff was a thriving, if chaotically organised, business. The only capital investment had been £50,000 of Treves's own money, which was used to fund the growth of the high-volume but low-margin promotional clothing business.

Looking back, Treves admits they were extraordinarily naive, even as turnover grew from £170,000 in 1990 to £415,000 in 1991. Given their lack of experience, it was not surprising the two former humps made mistakes, one of which nearly destroyed the company.



Branching out: George Treves, left, and Sean Thomas only make skiwear they would wear themselves

In their search for cheaper production in the early 1990s, White Stuff hired a Turkish garment manufacturer called Yasha. The Istanbul-based businessman had offered to make the clothes cheaply and Treves and Thomas advanced him tens of thousands of pounds to buy materials and produce the shirts.

Everything looked rosy until Thomas went to Istanbul to arrange the shipment of the garments back to the UK.

"All of a sudden," says Treves, "people with guns turned up in Yasha's office." The gunman claimed they were owed money by Yasha. It transpired that he had not paid for any of the materials used to make White Stuff's clothes.

The gunmen took everything - the shipment of clothes, the contents of Yasha's office, even Thomas's coat and glasses. White Stuff never got the money or the goods back. The whole episode cost them £55,000.

Fortunately, the demand for promotional clothing was strong enough to keep the company going, and the setback made them more determined and taught them a good lesson. "We got involved with Yasha because we were chasing cheaper production. He taught us one thing - pay more and sleep at night."

By 1994, turnover was approaching £1m a year, but the company was still not making much money. However,

Treves and Thomas were concentrating on building the business and the visibility of the White Stuff brand. General casual wear (sweaters, shirts, coats) was added to skiwear and promotional clothing. A mail order business was also introduced to supplement the retail side, which consisted of winter-only shops in three French ski resorts and several year-round shops in parts of London - such as Clapham and Fulham - where White Stuff's core customers of young affluent skiers mostly lived.

In spite of the growth of the company and the brand, Treves and Thomas continued to design the clothes themselves. "All our clothing is driven by what Sean and I

would wear. We don't make anything we would never wear ourselves," says Treves. However, because neither can draw, they hire someone to sketch their designs.

Treves describes the White Stuff range as simple garments that will not be out of fashion in two years, and which are functional and reasonably priced. Ski jackets, for example, cost between £95 and £110.

Today, the company is at a crossroads. Treves and Thomas admit they have had to adopt a more professional approach to the business - which now has 10 employees and a separate French subsidiary to run the ski resort shops - and a reorganisation is under way. Money is being invested in

stock control and Epos (electronic point-of-sale) systems. A production team has been put together, and outside expertise is about to be introduced in the form of a marketing manager and a non-executive director with experience of building a business.

Last year the company made its first substantial profit (£120,000 on turnover of £1.2m), but earnings are expected to fall this year because of the cost of the reorganisation. To help pay for it, White Stuff is taking out its first overdraft: £100,000 provided by National Westminster Bank. Treves points out it is not a loan. "We do not like borrowing money," he insists, "but we will be paid back by Christmas."

The two, as co-managing directors, draw an annual salary of £20,000 each from the business, and although they have considered looking for outside investors, White Stuff remains wholly owned by its founders.

When the reorganisation is complete, Treves and Thomas will concentrate on developing White Stuff as a high street retailer with a network of about 15 shops and a strong core brand. They believe it can be done. "They're vast, mammoth potential," says Treves.

Once the retail empire has been built and the White Stuff name firmly established, Treves and Thomas will launch the final phase of their plan - the sale of the company. "We want to sell by the time we are 40," says Thomas. They are 32 now, giving them eight years to realise their dream.

White Stuff: Unit One, Grange Mills, Weir Rd, London SW12 0NE. Tel: 0181-675 3333; fax: 0181-675 8013.

PERSPECTIVES



Larger than life: Zaha Hadid says good space in buildings transcends taste and values

Lunch with the FT / Lucy Kellaway

Harnessing a global vision

Architect Zaha Hadid was a controversial choice to design the Cardiff Bay opera house

In the rag-rolled and marbled interior of Aubergine, a French restaurant in Fulham, the Iraqi architect Zaha Hadid looked all wrong. Too large for one thing and too flamboyant in a brilliant lime green pleated silk housecoat with a splash of crimson lipstick.

This woman is the queen of avant garde architecture. For over a decade she has travelled the world winning competitions with her far-out, asymmetrical creations. Last year she beat nearly 300 architects in a contest for the Cardiff Bay opera house, submitting a design that has variously been described as a row of jewels, a freeze-framed explosion and a deconstructed pigsty.

But unlike her other work - most of which has never been built - the opera house may actually become a reality if the Millennium Fund decides during the next few weeks to pay \$50m towards it.

"I like more funky restaurants," she said in a husky voice, lighting the first of many cigarettes. I asked what she thought of the decor. "It's not terrible, but I find it too busy." This was an understatement, judging by the look on her face.

Hadid knows something about restaurants, having recently designed one in Sapporo, Japan. "The theme was ice and fire," she said. "Monochrome. The ground floor is ice, with one enormous sheet of glass suspended very low. Upstairs is the fire, with rubber sofas and fibreglass - it is as though a tornado had started in the bar and hit the ceiling."

"I see," I said, although I

didn't quite. A waiter minced up to our table. "Ella leddies, I let you 'ave a look at ze luncheon menu," he said.

Hadid exhaled slowly. "I really don't understand a thing they say," she said with the easy irreverence of one naughty schoolgirl to another. "I don't find this French accent in English at all charming. It is like watching Peter Sellers. I mean! Send them to elocution classes!" She gave an eruption of a laugh.

She had chosen Aubergine because some friends had praised the food, yet so far so bad. Still, she brightened up on seeing a soup on the menu called "cappuccino", and earned the unwelcome approval of the waiter by choosing it. "C'est la grande specialité madam," he said.

Hadid rattled off the names of London restaurants that she did consider funky, though even these were not entirely to her liking as the service was poor. "The problem in this country is that unless you go to the very top, you get terrible service. You really notice when you land in Switzerland. In America the service is more casual but they do accommodate you."

"This was the beginning of what turned out to be a global lunch. Even the most casual remark led to a comparison with foreign countries and cities, and in the course of one meal she mentioned Shanghai, Beijing, Japan, Hong Kong, Brazil, Vienna, Paris, Singapore, Tunis, Berlin, Switzerland, New York, Wales and, of course, Iraq.

It is most unlikely that she was trying to impress with this geographical name-dropping;

instead the relentlessly international bent seems to have become part of her personality. Brought up in Baghdad, she went briefly to a minor girls' boarding school in England, lives in London but spends much time in New York, and is now working in both Vienna and Berlin. "I fly twice a week and I am a dorky," she complained. "Finished."

A waiter brought a dainty little *amuse gueule* with a

'When the highest aspiration is to make a supermarket, then you have a problem'

quail's egg on top, and placed it carefully in front of us. "Bon appétit mesdames," he said.

I tried to get her to talk about Iraq and Saddam Hussein, but with little success. "The Gulf war depressed me because there is no need for any wars," she said. "It was a very unfortunate situation. It is sad." She seemed unwilling to elaborate. The fish cappuccino, which had just arrived, appeared to be meeting her approval. The soup, she said, reminded her of some dishes she had eaten in China. I felt relieved; there is something powerful and original about her that made me want to please.

I rather crassly asked

whether it was difficult being a relatively young woman - and an Arab too - in a business dominated by elderly white males. "I am proud of being an Arab. Some people may have their prejudices but they can't help it," she said easily. "But there are two sides to everything. People surprise you by being so supportive."

Even the notorious sexism of the construction industry she takes in her stride. "They can't look at me in the face. They look at me here [pointing at her shoulder]. I say, 'Why are you looking at my shoulder?'" She fixed me with her large brown eyes. "If I were a developer I would have felt very small indeed."

However, it is not the chauvinism of developers that really vexes her, but their conservatism. "They become so fixated with a particular idea that when you produce another they think either it's impossible or too expensive."

Cautiously, I mentioned the Prince of Wales. She snorted. "The royal family cannot be critical of things when they built that Gate. The Queen Mother's Gate. Hideous."

We ordered our puddings, and I pressed on, quizzing her about the high drama of the Cardiff opera house contest, which she won twice over, the first time meeting such hostility from the locals that she was asked to enter the competition all over again - much to the outrage of the architecture profession.

"I didn't take it personally. You have to be generous with people," she said. "Give them time and space to understand. The problem is that people in this country have seen so

much garbage for so long they think life is a Tesco. When the highest aspiration is to make a supermarket, then you have a problem."

She started to explain that what matters about a building is not what it is made of, or any of the details, but the space itself. "Good space transcends taste and values. It's a weird, mystical thing. It's very difficult to achieve, but you know when you've got it."

I asked her to describe the Cardiff space. "It is a City of rooms. It has large rooms and small rooms. Different volumes. They stretch from linear to cubic to shadow. It is like a galaxy. You see objects suspended over your head. It flows like a river."

I said it will be a great shame if these rivers, galaxies and Cities never come into being, and if the Millennium Fund decides to finance a rival project for a tacky rugby stadium instead. "We are doing our damndest to do the best we can," she said. "We'll see what happens."

Our lunch had started late and it was well after 3.30 when we finally gathered ourselves up and left. The other lingering diners stopped and stared as Hadid swept out.

They might have stared even harder had she been wearing one of the outfits that she used to attach to herself with pins. However, these garments took several hours to take on and off, and she has no time for that now. She hailed a cab to take her back to the office, and invited me to visit next time I was passing. So not going abroad today? Quickly, she explained: "I was meant to be going to Brazil..."

Letter from Las Vegas

Where the sun never sets

Christopher Parkes on a gambling town's aspirations

Las Vegas, the Nevada desert town where Californians go for a hassle-free smoke and where the rest of the world goes to blow the housekeeping, still has some challenges to overcome before it matches its ambition of becoming a resort fit for families.

There is some fun, fair enough: they have put in swings and roundabouts. Newly planted palms down the middle of the main street dilute the jarring neon. And there is free entertainment. It is *de rigueur* for any visiting family to stop along The Strip, to gawp as a British man o' war sinks ignominiously on Treasure Island's forecourt, and, briefly, to watch the Mirage's weedy volcanic eruption.

Optional spending opportunities (although gambling is still not quite obligatory) include the Fashion Show shopping mall built around a branch of Nieman Marcus, America's variety store for the insanely rich. Dwell a fast-food joint in the guise of a run-around submarine is right next door. Here, though, as in the would-be-glam Planet Hollywood restaurant down the road, the specialties are half-cock cuisine and wholly cocked-up service.

Best food on the block was to be found at Suzzu, where Californian dishes buzz with basil and unmistakable freshness. This is not really a place for kids, but a bowl of Tuscan white bean and spinach soup (\$4.65) and a promise of an hour at Circus, Circus should keep them quiet while the grown-ups tackle linguini with gulf shrimp, scallops and green-tipped mussels in spicy tomato basil broth (\$10.95).

Up at the north end of the strip, Circus, Circus marks the only point where the crass-fantastic tradition of Las Vegas and its family-friendly ambitions actually coincide.

The hotel's casino sprawls beneath a mezzanine level occupied by a circus ring, a McDonald's burger restaurant, and fairground game booths and sideshows which offer true

fun-for-your-money value. Clearly subsidised by the slots clanking seductively away downstairs it provides some of the best family value in town. With regular breaks provided by genuine circus acts, fathers can generate the illusion for their children that they are true roll-a-penny experts or shooting gallery crack shots.

It is just as easy for children to win, and hard for anyone to come away not laden with soft toys. The momentary illusion is all the more welcome because in spite of everything, the town of Lost Wages, as an out-of-town cowboy has it, has a soul blacker than the inside of a horse. It is still most apparent

'The town of Lost Wages has a soul blacker than the inside of a horse'

at night, when the lights are loudest, and the Strip-side shows their most attractive, and when pimp-pamphleteers come out to carpet the streets with lurid promo-porn.

Outside one hotel, union pickets rail against the alleged injustice of wage cuts, peremptory demotions and sackings. The hours of darkness are also the smokiest.

Even though the sun never sets and dawn never breaks on the slot-feeding, everyone lights up when the moon rises over Las Vegas Boulevard.

The ubiquitous fog compounds the illusion that indoors and outdoors are one and the same.

As midnight passes, and the mesmerised gamblers play on, an air of deadbeat fatigue descends revealingly across the childish faces of the bar-side hookers; cast-members in Disneyland for the damned.

There is, it turns out, a lot more fun to be had at a good hanging.

Depeeding on how many dusty trippers have braved the bad-tempered wild burros demanding ransoms of picnic leftovers along the road west from Las Vegas, the gallows swings obligingly into action twice or thrice a day in Old Nevada.

Old Nevada is a ramshackle "Old West" town half an hour's drive outside the gambling capital of the world, and a million miles away in terms of what passes for sophistication. Fresh arrivals, ferried in from the car park aboard a miniature train, are greeted with a fusillade from a pistol-packing ticket attendant and bleats and grunts from a "petting zoo" occupied by the most eccentric collection of creatures outside the wardrobe of Starship Enterprise.

Inside, the alleged inhabitants of this clapboard dust-trap comprise assorted costumed store-keepers, a harman dispensing sassafras and Coors Lite, a sheriff in too-small boots and a deputy of sublime daftness.

Aided by a mini-posse made up of however many visiting children are willing to be corralled and roll around in the dust in the name of justice, the forces of law set out to round up and eventually string up a baddie.

First, though, there is a nonsensical non-sequace of events including a firefight, a hiss-and-boe Melodrama (sic), and a bank robbery finale.

The audience's wet-eyed welcome for the sight of the deputy, emerging frazzled and pants-less from his "office" and complaining of being interrupted "in the middle of mah paperwork" is a cheering reminder that the bandits - the one-armed and one-eyed varlets at least - do not yet have the talent to themselves.

■ *Contacts: Suzzu, 3200 Las Vegas Blvd, 702-699 5777; reservations recommended. Old Nevada is open all year, all week, winter snow and flash floods permitting. Information: 702-875 4191. On-site accommodation: 702-875 4100.*



The familiar face of Las Vegas

George Harrington/Hedra Photo Agency

Saving the remnants of old Alexandria

Raymond Stock on the drawn-out battle to preserve Lawrence Durrell's Egyptian home

After razing most of beautiful old Alexandria, what is left is being murdered. So say those fighting to save the former homes of Lawrence Durrell, the Irish writer who lived there during part of the second world war, and of Effat Nagui, a woman who was among Egypt's most admired painters and sculptors.

Durrell died in 1990, and Nagui died last year. The debate about what should happen to their houses is part of a much wider movement to prevent the destruction of what remains of cosmopolitan, mid-century Alexandria.

The stylish Italian, art nouveau and art deco palaces and apartment towers which once graced the city which Durrell immortalised in *The Alexandria Quartet* are being rapidly destroyed.

So much was lost by 1985 that the artist Paul Hogarth wrote, after a visit to Avignon: "I have discovered much has

changed since my last visit in the 1960s. Not, as in Alexandria, demolished but restored and sanitised as a living museum for tourists." Better sanitised than gone.

But the fight over the two villas, set in a garden of rare trees and, until recently, about 30 Pharaonic and Greco-Roman era antiquities, may help reverse this trend. Strangely the villas were temporarily rescued when Egypt's Supreme Council of Antiquities announced the discovery this summer of the house in which Durrell had lived a mere 50 years ago.

To protect the antiquities which had drawn them to the site, the council put guards on the properties, halting their demolition. The move evidently came too late, though,

to save the roof of Nagui's former home, and a balustrade at the Durrell villa.

Adding irony to injury, Alexandria is set to be the venue for the ninth international Lawrence Durrell Conference, which begins on June 23 1996.

The Ambroses, a wealthy Italian family, built the villas on al-Ma'moun Street in the elite Moharram Bey quarter. The first villa, at the front of the property, and which later housed Durrell, probably dates from 1908.

Durrell and his first wife, Nancy, fled to Egypt from Crete in 1941, settling in Cairo. In 1942 Durrell moved, alone, to Alexandria to carry out propaganda work for the British Information Office. It was apparently in the following year that the Ambroses let him

the top floor rooms and tower in the older and larger of the two villas.

He wrote to his close friend, Henry Miller, the American writer: "I have furnished myself a Tower... where I have finished one hook of verse, and am half way through a book about Greek landscape - Corin only."

Local legend has it that Durrell met his second wife, the Alexandrian Eve Cohen, reputed model for the character Justine in the *Quartet's* first volume, in the Ambrosen villa.

Long after Durrell's departure, the Ambroses let his villa to Effat Nagui and her husband and fellow-artist Saad El Khadem.

In her later years, Nagui tried to persuade the Ambroses

son, Emilio, who now lives in Florence, to donate the villa to the Egyptian government for use as a museum for works by her, her husband, and her artist brother, Mohamed Nagui. Emilio "never answered her", said his Alexandrian lawyer, Adal al-Far.

Instead, after her death, Emilio sold the lot to Egyptian developer, the Arab Engineering Company for Real Estate Investment.

The new owners first announced that they would turn the villas into schools. Recently, however, the company has said it plans to demolish the Nagui villa and erect a block of flats. The Durrell villa would house the company's offices.

Campaigners, who have written to President Hosni

Mubarak in an attempt to save the villas, reject both plans. They want to turn the Nagui villa into a museum for Egyptian modern artists, and the larger villa into a memorial to Durrell's Alexandrian period.

However, there have been successes in the struggle to save Alexandria's grand houses. Princess Fatma El Zahra's former palace is now home to the Royal Jewellery Museum, and has become a popular tourist attraction.

But the fight has just begun. Several famous old houses may fall, according to Mohamed Awad, head of the Alexandria Preservation Trust and one of the city's most prominent architects. One, built between 1850 and 1870 for a wealthy merchant, Saadallah Halab, is in the former Turkish town of

Anfushi. Halab's near-ruined house, one of only a few surviving Turkish-style dwellings in Alex, is not officially listed as part of the national heritage, nor for preservation in the new city plan targeted for implementation by the year 2006.

Also neglected, and evidently unlisted either locally or nationally, is one of three palaces built in Alexandria by Mohamed Ali Pasha, who ruled Egypt from 1805 to 1848. The giant Ras al-Tha remains, while the third so-called "Gahari Palace" is gone. The bulk of this once glamorous edifice now crumbles on the banks of the Mahmoudiya Canal.

Another formerly great house threatened belonged to Aziza Fahmy, a social figure of the 1920s and 1930s. Once a lux-

urious classical mansion, the stripped skeleton is all that is left of the Fahmy house.

Two main legal antagonists grapple over the corpse of Aziza's palace. One is the government-run Egyptian General Organisation for Tourism and Hotels, which took over the property. It is said, in the 1970s. Opposing it are the heirs to Aziza Fahmy and her sister, Fatima.

Whatever the courts decide may not matter. Samir Raafat, a well-known historian of Egypt's beautiful homes, said that in recent decades there had been an increasing nationwide trend of illegally demolishing old buildings to make room for high rise developments.

"This is serial killing of the villas," Raafat said. "It makes your hair stand on end."

■ *Raymond Stock is writing a biography of Naguib Mahfouz, Egyptian Nobel Laureate in Literature. He lives in Cairo and is a frequent visitor to Alexandria.*

FASHION



Brown tweed coat with fur collar and cuffs, £724, by Rifat Ozbek from Brown Thomas, 86-95 Grafton Street, Dublin. (0035-31 679 5246). Pearl choker, £5,175 from Tiffany & Co, 25 Old Bond Street, London W1 (0171-409 2790). Black mesh gloves, £76 from Emporio Armani, 57 Long Acre, Covent Garden, London WC2 (0171-617 6882)

Under cover on the town

Lucia van der Post looks at the latest evening coats

Dressing-up is back in vogue. Fashion has moved into one of its more contradictory moods - on the one hand daywear is lean, minimalist, pared-down, with even jewellery almost eliminated to little silvers of this or that. And it is thought to be verging on vulgar excess to wear both a necklace and earrings. One or the other, my dear, I can hear the latter-day etiquette advisers pronouncing firmly to those unsure enough to ask.

On the other hand, if the fashion houses have their way, evenings are to be filled with unadulterated glamour. No more shimmying into a party, even a dinner party, in the clothes you have worn to work all day in the hope that you will pass muster with the addition of a string of pearls.

When night turns into day, safe little suits become unsafe. Out should come the glad rags, the evening shoes, the quirky handbag, the jewellery (which should be expressive of verve and panache more than simply wealth) and - very new this year - the evening coat.

The look is very grown-up and requires immaculate grooming. These coats are not go-

anywhere cover-ups that can simply be worn on top of anything you choose to put on.

They are extra garments in this winter's wardrobe. One cannot pretend that they are practical, nor are they essential, but they are quite simply so deliciously desirable that once seen they are hard to resist.

They are coats that demand the wearer be ferried to and from the door in a chauffeur-driven limousine or by a compliant companion. They are not coats for standing on street corners hoping a taxi will come along.

The most elegant of the evening coats are long and seductively cut. Most of them are sold with dresses designed specifically to fit underneath them. Ben de Lisi's version in duchesse satin clearly needs its partner, the slinky shimmering silver sequinned dress, before it comes into its own.

Several of the others also need to be worn in tandem with a shape that echoes the sleek and fitted line. If you do not want to buy the precisely designed matching dress, soft, fluid crepe trousers can often be substituted successfully. Or look for the slimly cut sleeveless silk or satin dress which is to be found in every high

street store as well as at top-name design houses.

Many of the new season's evening coats are long and draped. Some of the most glamorous - such as Bella Freud's black wool coat - have long, almost train-like, backs. These, it is evident, are coats for the grand evening out.

They are a perfect backdrop for your grandest jewels and they need to be accompanied by a proper evening handbag. Evening handbags are as important an accessory as jewellery.

They should be small and either beaded or made from silk or satin. Look to established names such as Anya Hindmarch and Judith Leiber as well as newcomers such as Emily Jo Gibbs all of whom have caught the mood of the moment and provided exquisite little gem-like evening bags. Antique and secondhand shops are another good - and usually less expensive - source.

Photographer... Nick Clements
Stylist... Olivia Pamp
Assisted by... Jo Shallock
Hair... Thomas Dunkin at John Frieda
Make-up... Jackie Hamilton-Smith
Model... Nicola Harvey



Antiracite duchesse satin dress with navy collar, £1,200, by Ben de Lisi, from A La Mode, 36 Hare Crescent, London SW1 (0171-554 2133). Black train coat, £1,250, made to order by Bella Freud (0171-713 6408). Diamanté bracelet, £10 from Agatha, 4 South Molton Street, London W1 (0171-485 2778). Diamanté earrings, £25, from Orsini Gallery, 284 Portobello Road, London W11 (0181-468 1220). Black and white satin shoes, £145, from Robert Clergerie, 87 Wigmore Street, London W1 (0171-935 3601).



Silver sequinned dress, £890, and duchesse satin evening coat, £1,200, both by Ben de Lisi at Harvey Nichols, Knightsbridge, London SW1 (0171-235 5000); stockist inquiries (0171-734 0089). Diamond necklace £21,600, and diamond flower bracelet £2,650, both from Tiffany & Co, 25 Old Bond Street, London W1 (0171-409 2790).



Black wool coat with leather cuffs, £823, and matching trousers, £275, both from Amanda Wakeley, 80 Fulham Road, London SW3 (0171-584 4008). Suede and diamanté shoes, £170, from Maud Frizon, 49 Sloane Street, London SW1 (0171-235 9098). 1930s beaded bag, £65, from Orsini Gallery, 284 Portobello Road, London W11 (0181-468 1220). Pearl and diamanté choker, £195, from Giorgio Armani, 57-62 Sloane Street, London SW1 (0171-235 6232).



Moss green mohair coat, £950, by Giorgio Armani, 57-62 Sloane Street, London SW1 (0171-235 6232). Gold velvet flower, £35, from Emporio Armani, 57 Long Acre, Covent Garden, London WC2 (0171-617 6882). Diamanté belt buckle, £20, from Orsini Gallery, 284 Portobello Road, London W11 (0181-468 1220).

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FASHION

Personal service, coffee and Will, the runner

Richard Rawlinson is made to feel a Very Important Shopper by a store's one-to-one attention and leaves with a new outfit – plus a few reservations

They know what you want before you do. They call you on the telephone and tell you there are lots of lines from the latest collections in stock which are just perfect for you. Your style, your size, do come in and try them on.

This is the personal shopping service at top fashion stores. Until now, such services have been almost exclusively for women. But London department store *Dickins & Jones* has just launched a men's personal shopping service.

It is with some reservations, however, that I arrive at *Dickins & Jones* to be kitted out with office clothes by its new men's personal shopping service.

Visions of a bossy image consultant telling customers what suits them occupy my thoughts, along with those "make-overs" in which the "after" photograph looks more absurd than the "before".

When I booked my Saturday appointment a few days ago by telephone, the receptionist took a few details so that an appropriate wardrobe could be selected before I arrived. Did I require clothes for work or leisure? How old was I? How tall was I? What were my measurements: collar, chest, waist and shoe size?

What she failed to ask me was my job, a puzzling omission given the varied appearances of different professions. The omission was disappointing too as I was looking forward to pretending that I was a merchant banker rather than a journalist.

I am to be attended to by *Clare Joel*, who is expecting me at the personal shopping service suite off the menswear floor in the basement of the Regent Street store. A petite woman in a neat suit, she greets me at the entrance of this oversized dressing room, which is decorated like a study with masculine green walls, leather sofa, mahogany desk and brass lamps.

Compared with the anonymity of browsing unattended in a large store, the personal service instantly makes one feel a Very Important Shopper.



Left: Richard Rawlinson arrives at *Dickins & Jones*. Right: in the dressing room, assisted by *Clare Joel*, he tries on a navy, pinstripe double-breasted suit by *Oscar de la Renta* (£250); blue, double-cuffed shirt by *Eaton* (£25); and silk tie by *Michaelson* (£10). Far right: he leaves the store in a navy, double-breasted suit by *Jasper Conran* (£280); white shirt by *YSL* (£17.50); navy and white polka dot tie by *Oscar de la Renta* (£20); navy overcoat by *Baker Street* (£198); attaché case by *Gino Ferrari* (£200) and Oxford shoes by *Church's* (£165). Photograph: *Ralph Shandilya*

Hanging on a rail is a row of suits in my measurements and laid out on the desk top is a selection of shirts with my collar size, carefully paired up with co-ordinating ties.

A pot of coffee awaits and standing in the background is a young assistant, introduced as "Will, the runner", so-called because he is to spend the next two hours dashing to and fro, returning from the menswear floor or the stock room laden with more clothes.

An inspection of the suits on the rail reveals why one's profession is excluded from the initial questionnaire. *Joel* has cannily hedged her bets with a selection encompassing all tastes and price levels from an unstructured, crumpled linen designer suit to a formal, double-breasted pinstripe. Shirts come in plains, checks and stripes and tie patterns range from bold abstracts to discreet polka dots.

However, such diversity does not mean the customer is left to pick and choose. *Joel* needs to justify her role and to do this she must exercise her observation skills. She looks me up and down, eagerly searching for clues as to my style preferences.

I am wearing a black, nylon skiving anorak by *Emporio Armani*; grey, single-breasted jacket by *Jasper Conran*; black T-shirt by *Agnes B*; narrow-legged black trousers by *Dutch*

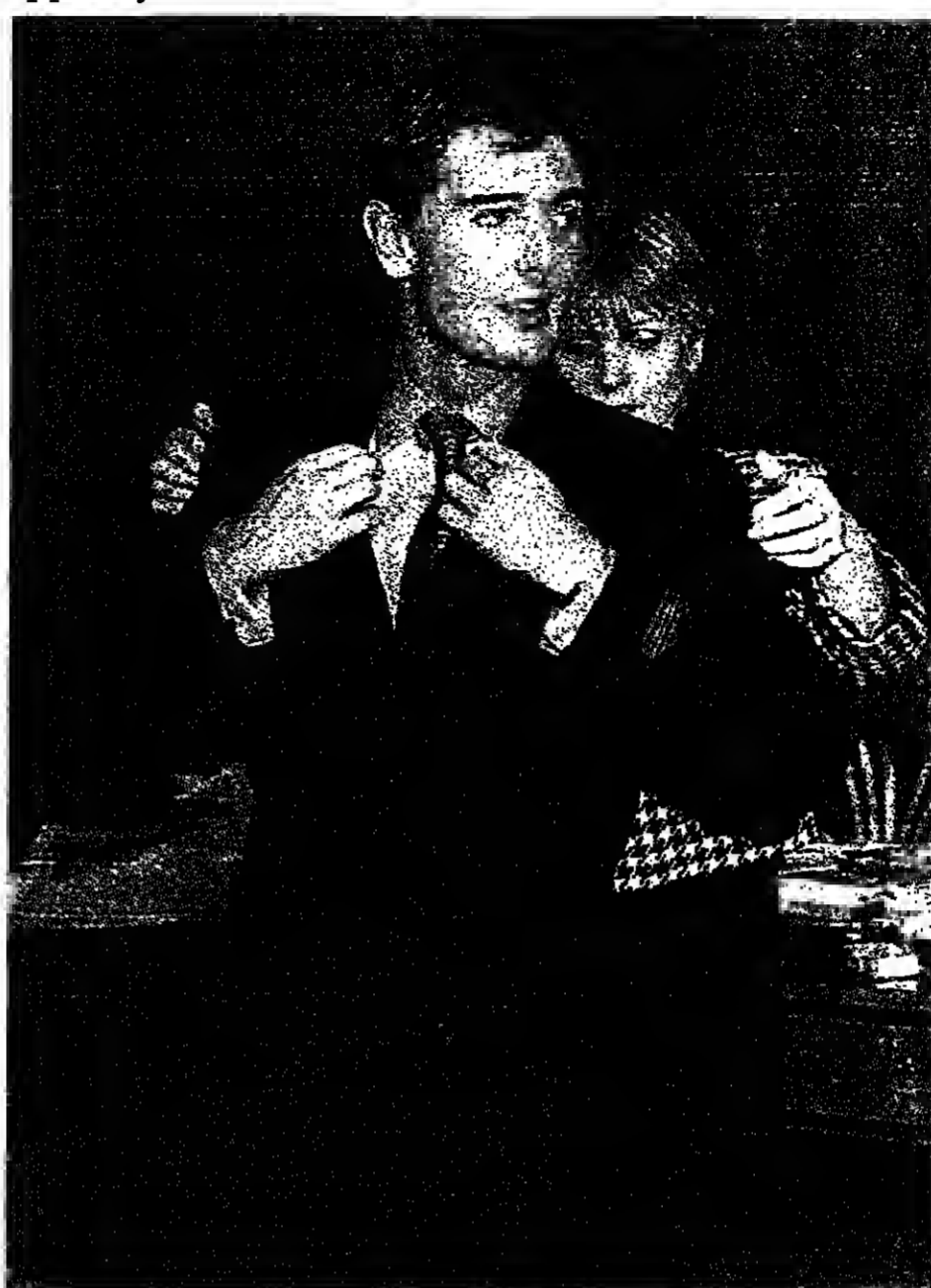
label *So* and black half-boots by *Patrick Cox*. But while these contemporary classics may be acceptable at work in the media, I am still determined to be an off-duty banker for the day.

Joel pulls out a four-buttoned, single-breasted suit by *Gordon Happs*, a new Irish designer company. It is a dapper choice but not in my game plan. It is time to give her some clues: "I work in a rather staid environment and feel my career prospects would be best served if I conform with understated clothes which exude authority."

"Ah ha! I understand exactly, sir," she says, taking control by grabbing an armful of the most conventional suits on the rack and leading me to the inner sanctum of the changing cubicle. As I undress, *Joel* passes me shirts and ties around the door. She orders *Will* to fetch shoes.

The sober suits by English brands such as *Crombie*, *Chester Barrie* and *Jaeger* look awful on my body. It is baffling how two jackets claiming the same measurements can vary so much in size. These companies clearly cut their cloth to fit the fuller-figured man and, on me, they look like cardboard boxes.

There is an "I-told-you-so" air about *Joel* as she hands over the more classical styles by designers *Jasper Conran*,



Oscar de la Renta and *Gordon Happs*.

These suits, shaped for a more youthful physique, fit better than those of the same size targeted at older men. Nor are they too trendy for the bank. Dark and double-breasted they look business-like and quietly modern.

I warm to a deep blue, double-cuffed shirt by *Eaton* after *Joel* says it will bring out the colour of my eyes. But I reject a medium-priced, ivory shirt by *Van Heusen* which she claims will complement my skin tone. "Do you have something... what is the word... more expensive?" I ask. A

white *Yves Saint Laurent* is presented. *Joel*, perhaps confused by my schizophrenic swings between the traditional and contemporary, pushes some inappropriately garish ties my way, which I eschew in favour of a disciplined, navy and white polka dot.

Likewise, I dismiss a pair of



black, leather loafers as too casual - *Will* receives a glare from his boss and is sent off to retrieve some black Oxfords by *Church's*, the UK shoemaker.

Finally, this customer is satisfied. The service is free but, after such pampering, one is perhaps likely to buy more clothes than anticipated.

I left impressed more by the diligence of the service than by the perceptions of its provider. Given that most men must conform to the expectations of their profession, a good fit and well co-ordinated, flattering colours count for little if the overall look gives off the wrong signals.

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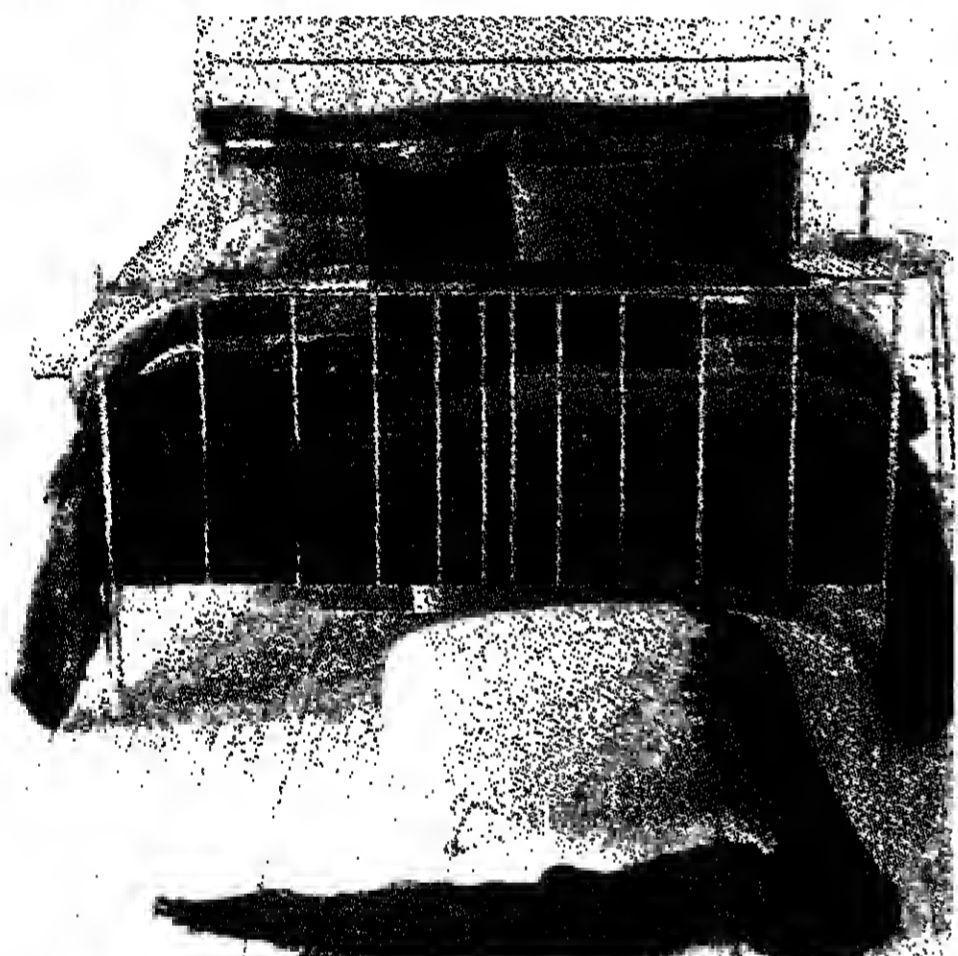
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HOW TO SPEND IT

The style wound is Healed



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Apollo bed in polished aluminium, £1,449. Apollo mattress, £225. Madras check Kingsize duvet cover, £18.95, matching pillowcases, £15.95. Double blanket, £29

There was a time when Heal's furnishing store was considered almost radical – but its reputation then slipped. Lucia van der Post reports on its return to form

For many years Heal & Son, the furnishing store on London's Tottenham Court Road, was a centre of pilgrimage for anybody who purported to have any kind of interest in modern design. But today, most of us have come to think of it as rather dull, an establishment version of "modern", and it is strange to realise that once it was perceived as almost radical. To shop at Heal's was to make a statement, rather in the way that furnishing your house with Danny Lane, Ron Arad, or Philippe Starck has come to be today.

Before Aram Designs, Habitat, Co-Existence, Aero, Atrium, Purves & Purves and the many other small enterprises that have jostled things up, Heal's, with its clean, plain modern lines, and Maps, with its predilection for genteel repro and velveteen, represented the twin poles of furnishing aspirations for those who, as Alan Clark would put it, were unfortunate enough to need to buy their own furniture.

Heal's was started in the heyday of the Arts and Crafts Movement at the end of the last century, when the cause of fine design became almost a moral crusade. "Have nothing in your home," sermonised Sir Ambrose Heal, "except what you know to be useful or believe to be beautiful." Sentiments it would be hard to quarrel with. Over the years, though, they became overlaid with a worthiness that came to seem inappropriately heavy for what were merely the practical props of domestic life.

After all, it was not a matter of life or death if a chair looked horrid. One began to long for a sense of proportion, for a touch of wit, humour, and light-heartedness to leaven the somewhat smug sense of self-righteousness that had begun to envelop the place.

When Sir Terence Conran's Habitat/Mothercare bought it in 1983 it was obviously ailing – it had failed to make the mission of purveying a contemporary approach to furnishing seem lively or relevant – and Conran set about making it look younger and fresher –

more quintessentially "English". The rest of the story is well-known – Habitat/Mothercare was absorbed by Storehouse and in 1990, when Storehouse set about the newly fashionable activity of "concentrating on core businesses", Heal's came up for grabs. A management buy-out team, headed by Colin Pilgrim, the current chief executive, bought it.

Since then things may have seemed quiet but behind the scenes a lot has been going on. Heal's has moved into profit. Turnover in the last financial year to September 1995 was £20m, profit £1.2m.

Customers find a much wider, more eclectic selection. The management has worked hard to get rid of the increasingly bland personality it acquired in the later days of Storehouse.

It had to. For a start, patterns of shopping have changed. The old barriers between those who like "modern" and those who like "traditional" have broken down; the avant-garde glass table, à la Danny Lane, can just as easily be found in the same room as the Shaker table, or a wild metal chair sitting beside an ethnic pot. Heal's had to reflect this.

According to Colin Pilgrim: "Very little we sell today was on sale five years ago. We have been working with craftsmen and designers to produce designs with more character and to give the store a more youthful and energetic feel. Today, something like 90 per cent of our furniture is exclusive to us."

Admirers of the hand-made bedding need not panic – it is still part of the backbone of the business.

Those not keen on Tottenham Court Road as an environment in which to shop, will be glad to learn that from December 1 another smaller branch is opening at 234 King's Road, Chelsea.

Whereas the Tottenham Court Road shop is well over 80 years old and is a distinguished landmark building of its time, the new Chelsea branch has been created by one of Britain's top interior design companies, Virgil & Stone.



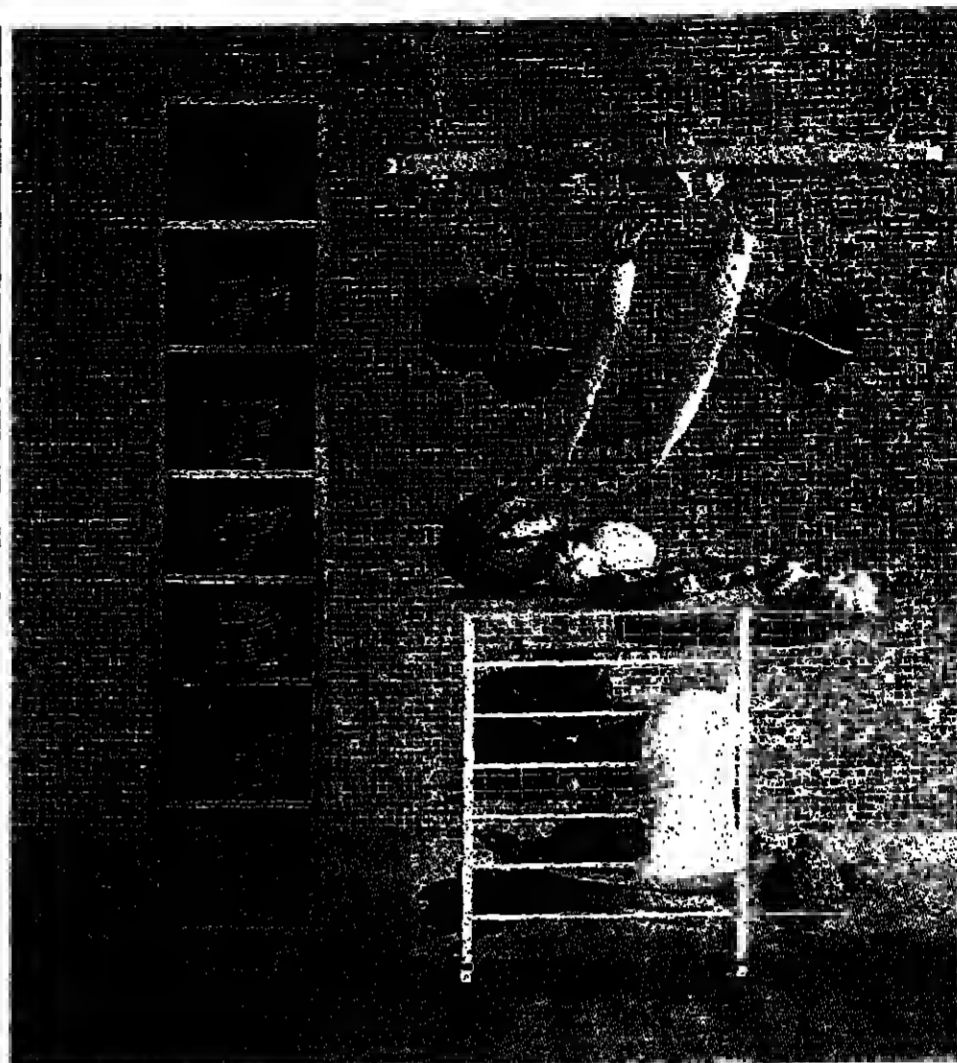
Tobias chair, £469. Silk chenille throw, £47.95. Cadet floor lamp, £129

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From left, eight-tier tower made from 'thermoformed particle board' with six adjustable shelves, available in four finishes, £299.95. Baskets in the shelf, £2.95 each. Rectangular ceiling rack with 12 pan hooks and 8 swivel hooks, £141. Elfa Gourmet table, £291.95

Order on order

Remember Dawna Walter? She is the paragon, whose motto is "organised living means more free time" and who believes firmly that "nobody said storage had to be dull". I wrote about her in March when she opened The Holding Company, a shop devoted to "everything and anything associated with storage and organisation".

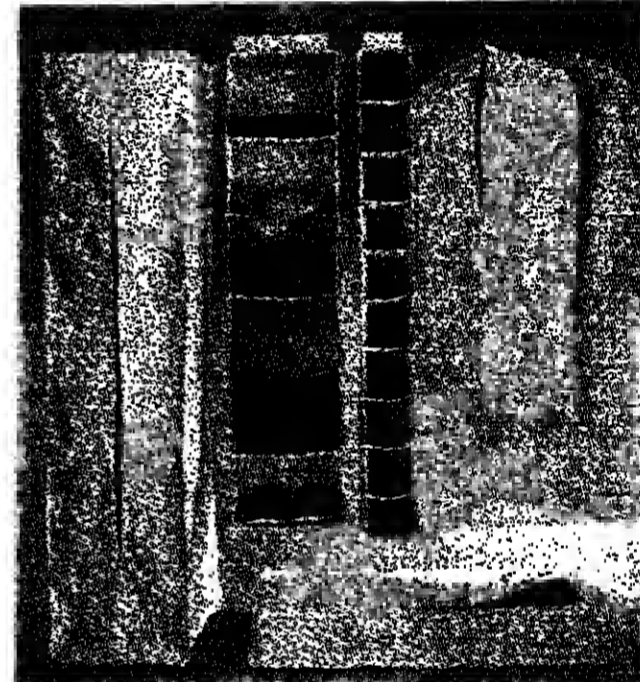
Many readers, it seems, were gripped with envy at her immaculate organisation of shoes, longed to emulate her bright and chirpy tidiness and trooped along to buy her organising devices in the hope that her crisp approach would rub off on them.

There was, of course, a drawback. The Holding Company is just one small shop (at 243-245 King's Road, London SW3) which is not totally convenient for everybody who wishes to partake of her organisational wizardry. She is now addressing the problem by producing her first mail order catalogue.

The catalogue features the products that she has discovered to be most successful – in other words, her customers' favourites.

From small fabric-covered boxes (from £10.50) to chrome shelving systems (£287.95), from the over-the-door shoe bags which hold 12 pairs of shoes (£27.95) to sweet-smelling cedar blocks (four for £7.95) to keep out moths, all the best-selling lines are there.

Dawna Walter is a great believer in the helpfulness of lots of small props if domestic paraphernalia is to be properly organised. So through the catalogue you can buy many small but simple things that



Canvas storage containers, all made from 100 per cent cotton. From left to right, wardrobe bag £31.95, shirt and jumper shelves £24.95, shoe shelves £16.95, suit bag £12.95, dress bag £14.95. Below is an under-bed bag, £18.95

could make a great deal of difference – solid wooden hangers (surprisingly expensive at around £24.95 for one with a rod for trousers), shoe trees (also expensive, it seems, at £29.95), make-up organisers at £29.95, lipstick stand holders at £7.95, and drawer organisers for keeping socks, bras, pants and tights separated inside a drawer – wonderful value at £5.95 for three.

Many of the simplest ideas – such as the beautifully coloured hand-made Kenyan sisal baskets at prices ranging from £4 to £18 – would make good presents.

Then there are the larger aids – such as the 5-shelf chrome wardrobe or shelving unit for £341.95 and the 8-tier shelving unit, photographed above, at £69.95 – all of which can now be bought by mail.

The catalogue costs £1.50. You can order both the catalogue and the products on 0171-610 9160. Lines will be open from 9am to 8pm Monday to Friday and from 10am to 5pm on Saturdays and Sundays. There is also a special help line – 0171-382 1800 – for anybody who has specific questions.

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TRAVEL

Unlike the rest of Europe, Copenhagen will have three seasons next year rather than the customary four - winter has been abolished.

The capital of Denmark, and its metropolitan surrounding region (home to 1.8m, one third of the Danish population) will be Europe's 12th Cultural Capital. Unlike some other "good ideas" that emanate from Brussels, that of an annual Cultural Capital has been received with enthusiasm since Athens was the first in 1985.

The designation is eagerly sought as it not only raises the city's profile (it certainly did that for Glasgow in 1990) but the associated events draw many new visitors. Copenhagen expects at least a 15 per cent increase in "bed nights" next year (the figure for 1994 was 3.4m).

But what is this business about seasons that would make Vivaldi, "the Red Priest", turn in his grave?

Wonderful Copenhagen goes whacky

Christopher McCooley visits the city which is preparing to become the next European cultural capital

The Copenhagen 1996 programme designates spring as from January to April. Because the weather tends to be on the miserable side the exhibitions and events will take place mainly indoors. They will focus on the past - the art, history and social development of the 20th century and geographically the programme will concentrate on Nordic and Scandinavian culture.

Summer runs from May to August and will highlight the present, the extrovert, the environment. The organisers hope that the weather will be as kind as it was this year as many of the concerts, plays and exhibitions will take place in the many streets, squares and parks. The geographical focus shifts to culture and art from the third world.

And so to autumn, the last four months of the year before Copenhagen hands over the cultural baton to Thessaloniki. During this time the theme is the future and will focus on youth and children. Research and technology and geographically the focus will be on life in Europe. Debates, dialogues, symposiums and conferences are scheduled.

Copenhagen has been planning these events since 1992. Traditionally, Danes are tolerant and broad-minded (as befits the first nation to legalise pornography in 1969) and the organisers are determined to break new ground, transcending boundaries between high-brow culture and street culture.

This accounts for some of the great orchestras of the world - St

Petersburg Symphony, New York Philharmonic, Tokyo Symphony - being in town at the same time as the painter Freddie (who, I was assured, was a world-famous Dane) and his surrealist exhibition. Wilhelm Freddie's claim to fame was that in the dark days before 1938 he was thrown into prison for painting a mannequin with a penis on the side of its head.

So there will be top musicians (a leading jazz artist every month - Art Farmer, Andy Shepherd, Auden Kleiva), choirs, exhibitions (Picasso and the Mediterranean, Man Ray's Unknown and Seldom Exhibited Works), theatre companies and contemporary dance and ballet groups.

And then some more... which can only be described as "wonderfully whacky".

With Elsthorpe just up the road there will be two new productions of *Hamlet*. The Royal Danish Ballet will combine with the Danish rock band Sort Sol in a world premiere which will be performed on an outdoor stage floating on the most of Kronborg Castle. There will also be a visual and musical production of Shakespeare's play. The audience will move about the production's several stages which will take place... in the Elsinore shipyard.

In the port area (only 15 minutes walk from the main hotels in the centre of the city), there will be 96 containers from 96 port cities around the world. Each will be given over to a different artist to do what he or she wants. A Canadian artist's container will have 75 holes in it through which water will permeate. The average life

span of a Canadian is 75 years and the work is titled "life leaking away".

Copenhagen is a good city for getting around on foot. Many of the streets and squares are pedestrianised and because of a swingeing 67 per cent tax on cars there are far fewer of them than in other comparable European cities.

This summer, an innovative scheme involving bicycles was introduced. Around the city centre are cycle racks - bicycles may be released by inserting a DKR20 (22.35) coin into a slot. You can then pedal off to see the sights - the Royal Guards, the Little Mermaid, Tivoli Gardens.

When you get to your destination you simply seek out another rack and by tethering your cycle to it you get back your DKR20.

Several hundred cycles were introduced this summer as a pilot scheme. Because it has been so successful several thousand will be on the streets next year.

And the city has a special ambience. For one thing it feels safe even strolling the streets late at night.

The Danes are easy-going and like to enjoy themselves. Eating and drinking and the well-being induced by doing both well (they call this pleasant state of affairs "hygge") means that they spill out on to the streets and weave their way home or to the next bar good naturedly.

This is sure to rub off on the many visitors the city can look forward to next year when it comes under the cultural spotlight.

Information about Copenhagen 96, Cultural Capital of Europe, can be obtained from the Secretariat, Information and Press Service, Amagerstor 21, DK-1160 Copenhagen K, Denmark. Tel: 00 45 33 77 96 33. Fax: 00 45 33 77 96 01.

Madeira's gin and tonic set

Plus ça change... Paul Betts considers Reid's Hotel

What would you like to drink, asked the pretty Portuguese flight attendant. Champagne, I said, from my seat in row seven in the front cabin of the Air Portugal Boeing. Thank goodness, she replied, I have already run out of gin and tonic.

There was no shortage of gin and tonic on the veranda of Reid's Hotel, however. Everybody seemed to be sipping one in the warm October evening. Wrinkled faces in flowery dresses, neat mustaches in dark suits or the occasional dinner jacket watching the flickering lights of the port of Funchal, listening to the Atlantic crashing against the rugged Madeira coastline through swaying floodlit palms.

I had hardly sat down when I was told: "What you need after your flight is a large G&T". I could hardly refuse. Life at Reid's still has its routine and its rules. After a few days it

could drive you gently potty. But then some people love it. A number of regulars known as the "sixmonthers" spend all winter at Reid's. One old Swiss lady has lived here for the past 2½ years since her husband died. You never have to leave the place. You can get lost just wandering around the subtropical gardens or trying to find your room in the maze of corridors, lifts and staircases where at any moment you might bump into Miss Marple or a doctor in a white coat.

And yes, you have to wear a tie in the bar in the evening and dress up for dinner in the main dining room. Where you sit is important. "Some of the older guests still divide the dining room into the House of Lords, the House of Commons and... the Plebs," explained Frankie Zino, the hotel's genial doorman. "But we all love this place. It's an institution."

Reid's is like Madeira mahogany wine: rich, soft, sweet, and out of fashion. And like

Madeira wine it is attempting to adapt to contemporary tastes.

It allows topless bathing down on the rock beach, although you will still be kicked out of the breakfast room if you walk in with a bathing robe after an early morning swim. Following the general trend, it is opening a new health centre next year, and you do not have to wear a tie if you eat in the new Italian restaurant perched on the rock face and tactfully tucked away at the far end of the grounds.

It is all a delicate balance, acknowledged Kurt Schmid, the hotel's urbane Swiss manager. "We must change but we must also keep the old atmosphere and the traditions."

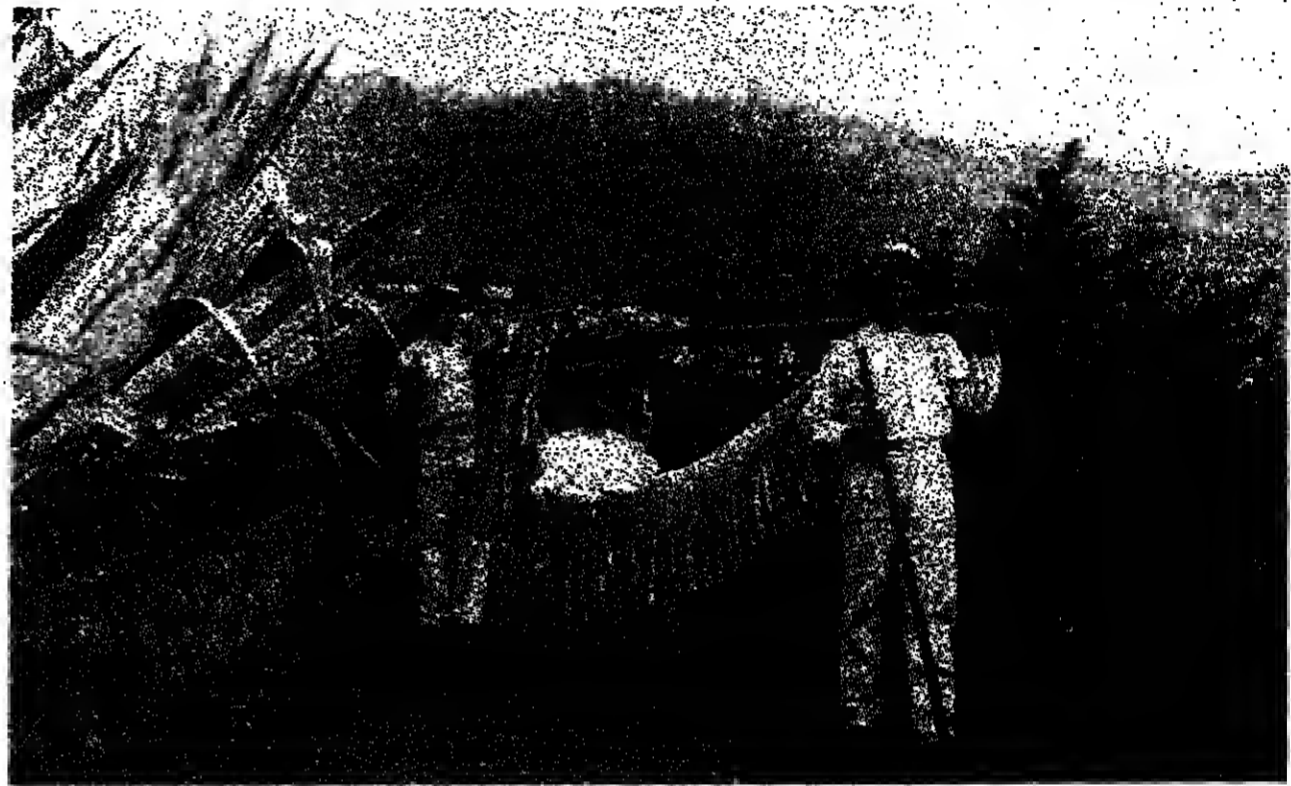
One tradition is the manager's weekly cocktail party. Every Monday evening, guests line up in the fifth floor lounge in their dark suits or black ties to be greeted by Herr Schmid as if attending a royal garden party.

These days there is more German than English chit-chat in the lounge. Many of the old British clients, who came to Reid's to escape the English winter or convalesce, cannot afford it any more, especially after the upheavals in Lloyd's insurance market. In their place, the Germans and the Swiss have been pouring in.

Nostalgia fills the air but it does not fill hotel rooms. So Reid's, still privately owned by one of the old English wine families of Madeira, the Blundells, is striving to attract a younger crowd.

To shake off its image of a luxury convalescence home serving traditional high teas on the terrace, it is now promoting all sorts of sporting activities ranging from paragliding and parasailing to canoeing, climbing, sailing, diving, horse riding, golf, tennis, waterskiing, windsurfing and deep sea fishing.

Madeira is also a walker's paradise. About 70 per cent of



Having a swinging time, wish you were here: Daisy Epley, Reid's housekeeper, in a hammock in 1900

the island is national park. Steep, lush, constantly changing, it has been described as God's botanical garden. So under the safe supervision of the hotel doctor, a knowledgeable and committed local conservationist, and his wife, Betty, I set off with a small party on what turned out to be one of the most spectacular, if at times arduous, walks I have experienced in a long while.

In the old days, Reid's did arrange walks into the island's interior but guests, the doctor explained, tended to hire a hammock, carried by two or sometimes three bearers according to the weight of the passenger. Guests were reassured by the hotel propaganda of the day that the hammocks were "mostly ably handled by muscular and gentle bearers, to the great advantage of delicate people, who are thus enabled to spend their

entire days in passive, unfatiguing exercise".

We drove up by coach on a narrow and winding road thickly edged by wild African lilies high up into the volcanic mountains. We left down below the sprawl that has become the modern town of Funchal, scarred by insensitive development and home to the bulk of the island's population.

The coach drove through thick forest before emerging into wild moorland. Suddenly, it could have been the Scottish Highlands. And when we stopped to get out close to the highest point on the island, the landscape changed again. It could have been the Himalayas or the Andes for that matter. The weather too had changed. Down by the sea it had been warm and sunny. Here it was misty and cold.

We walked for about three hours on a goat path at alti-

tudes between 5,000ft and 6,000ft, along the edge of the island's three tallest peaks.

"Don't clutch the cable along the path," warned the doctor. In many parts it was loose, in others ready to collapse as heavy rains cause regular landslides. You needed a good head for heights. At times you had to step carefully, clinging to the rock face with a guide rope inches away. The path wormed its way through dark, damp tunnels, moving from one side of the mountain face with breathtaking views of the island to the other side covered in thick cloud making the track and the abyss below virtually invisible.

It was hard work. Everyone was famished. Reid's had said they would arrange a picnic at the end of the hike.

It was no packed lunch affair. Through the mist a mountain lodge came into

view, a big white van by its side, and the smell of a wood fire. Inside there was a table with linen cloth and napkins and silver on another table an expansive buffet laden with smoked salmon, ham and mutton, sea food, cold cuts, salads, cakes and strawberries and all attended by a battery of batmen. And as we stumbled in, there came a familiar refrain: "Gin and tonic, sir?"

Paul Betts flew to Funchal with TAP Air Portugal (0171-828 0262 or 0345-581566). Reid's Great Affordable Break costs from £85,000 (about £35) per person including three nights accommodation, airport transfers, one dinner in Les Farnes restaurant, one guided visit to the Madeira Wine Company and one full day island tour in a private car including lunch. For further information, phone Reid's UK office: 01256-841155.

Clean living in Budapest

Antony Thorncroft enjoys getting in to hot water

Bath time in Buda; or bath time in Pest - the choice is yours. Anyone who visits the Hungarian capital and fails to take an early bath is missing out on a great physical, social, and indeed architectural experience.

In Hungary, when they drill for oil they tend to hit hot water but the consequences have proved almost as profitable. Budapest alone has around a dozen thermal baths which give attractively contrasting sensations.

The best bath buy in Pest is the Szecenyi, hard by the zoo, the amusement park, and the national art gallery. It was built in the 1870s but its exterior is a careful pastiche of an 18th-century palace. This is best observed as you lie, like a basking seal, in the vast steaming bath, open to the sky but with the water temperature a reassuring 90°F (32°C). You feel too relaxed to do anything but float, although energetic locals fight over the chess boards built out over the pool.

If you can drag yourself away from the sunlight (or the snow - the bath works equally well in all weathers) there is a full-length swimming pool, plus hot medicinal dips, saunas, and cold baths in the palatial buildings.

You share the spring, 1,000 metres below the surface, with the rhinos in the adjacent zoo. They are the most fertile in the world, a tribute to the water, adding another potential bonus to an experience which costs £200 (£1), plus a few pence more for towels, a locker, a massage and tips.

Szecenyi is the bath for the people, who come with their picnic, their books, their gossip. Across in Buda, on the banks of the Danube, is the

Gellert Hotel, once the grandest in the city and still the possession of the most ornate baths. The stucco might be peeling, the tiling is a little faded, but here is opulence.

The menu is the same - a vast outdoor pool with a wave machine for the summer while indoors mixed hot baths and then a division of the exes into rooms redolent of a Turkish harem with some of the hottest saunas and steam rooms, some of the most vigorous massages, some of the oddest sights you are likely to encounter on any weekend break.

Entry to the Gellert (free for hotel guests) is £160, plus the extras.

But there is more to Budapest than cleanliness. The city is unhappy that it does not attract the same mass of visitors as Prague, another east European capital now open for business. But then Hungarians, who have been more badly used by history than most nations, have a deep streak of melancholy, reflected in the highest suicide rate in Europe. It comes from being only 10m strong with few links to bigger neighbours.

For visitors any sadness is confined to the wistful playing of the gypsy bands that haunt most tourist restaurants and are unstoppable. In the main the city is an inexpensive delight.

There is pleasure enough in the look of the place: superior, hilly, Buda, with its museum place old town of 17th and 18th-century palaces clustered around the cathedral and the royal castle, lowly Pest, more earthy and genuine, with its late 19th-century eclectic architecture and few buildings escaping external decoration.

Start a visit at the Citadel

where the whole city is spread below like a patchwork quilt.

Down, divided by the snaking Danube. Walk the 2km of Andrássy boulevard, one of the finest avenues of any European capital, with its grand aristocratic mansions of the 1870s, some pocketed with dereliction, some returning to life, culminating in the huge Square of Heroes with its memorials to Hungarian nationalism. Return by the continent's first metro, which lies just yards below the surface.

This is a city of simple pleasures, like the tram which runs alongside the Danube

face of Andrássy, but is quick and cheap (all public transport in Budapest costs £1.35 a ride) and has recently been renovated back to its late Victorian prime.

This is a city of small, simple pleasures, like the No.2 tram which trundles alongside the Danube linking the neo-gothic parliament, modelled on Westminster, to the few Roman remains of the city.

Equally unexpected is the iron and glass splendour of the main city market where Margaret Thatcher famously bought her paprika: this has the colour of Provence with strings of red and yellow peppers garnishing the stalls, at least upstairs.

Below, on the fish stalls, pike and carp from the Hungarian lakes are crammed into small pens only to be pulled out and summarily dispatched to set-

ify the Hungarian passion for fish soup.

On the outskirts of the city is the Eszter market, one of the biggest in central Europe where gypsies offer everything from 1920s typewriters to painted furniture, with a number of sad looking Teddy Bears, leather jackets and cheap swathe of lace in between.

This provides an insight into a strange land of unchanging peasant poverty at odds with the sparkling neon image of the inner city.

Budapest hovers between socialist feather-bedding and capitalist greed. This puts many institutions at risk but makes for bargains and excitement. A visit to the opera or ballet, for example, still costs just £750 for a best seat. And the State Opera House in Andrássy rivals Vienna and Paris in its Third Empire splendour, its grand retiring rooms at odds with the modern seating in the stalls.

For the tourist the changes are for the better - improved food, a wider choice of restaurants, new hotels, goods in the shops, all at modest prices. Some elements of competition, such as the ubiquitous and ill-controlled taxis, are best avoided: public transport is so cheap and interesting and Budapest is very much a walking city.

Now that Budapest can glory unrestrainedly in its baroque churches, its architecturally advanced inter-war homes in the Buda hills, its coffee shops where the creamiest cakes are £1.00, its decadent opéttas, it offers one of the most beguilingly different short breaks.

Antony Thorncroft was a guest of Travelscene (0181-427 8300), specialists in city breaks.

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SPORT

Rugby union

Here's to you Mr Robinson

Huw Richards on England's future with yesterday's man

It is strangely appropriate that the most forward-looking thing the England selectors have done in choosing their team to play world champions South Africa is to look back more than six years.

Bath flanker Andy Robinson's last appearance was in the 129 defeat by Wales at Cardiff in March 1989 - a peace-time career hiatus matched by scarcely half a dozen Englishmen.

After years of English protestations of desire to play a more expansive style, Robinson's selection is the most compelling evidence that England might really mean it this time. The side also have a new hooker in Mark Regan of Bristol and a new outside-half in Bath's Mike Catt, previously capped at full-back.

The All Blacks' two world cup meetings with England have been a painful lesson in speed to the breakdown

Rob Andrew, England's former outside-half, has been the main target of critics of England's conservative, risk-averse style. Adherents to that view include Catt - who, in addition to criticising Andrew, questions the ability of South African skipper Francois Pienaar. Last season, Catt also confessed to premature professionalisation. If he can enliven matters half as much on the field, England should be worth watching.

But back row selections matter just as much. Of this trio the open side flanker has the most creative role traditionally and classically combining speed - to arrive quickly at the breakdown and through opposition defensive gaps - with handling skills and anticipation.

Robinson fits the classic mould. But neither he nor rival Neil Back of Leicester, have fitted the England mould in recent seasons. The preference has been for power, control and enhanced options in the line-out with the 6ft 5in Beo Clarke of Bath, a No.8 by inclination, playing alongside the similarly big Dean Richards and Tim Rodber. That preference parallels the choice of the tough, physically committed Dewi Morris over scrum-halves with quicker hands.

The outcome was an England style defined as much by back-rowers driving ball in hand for the gain line as by Andrew's line-kicking, focused on attrition and control rather

than speed and surprise. And it worked very well. Not until that stunning world cup semi-final demolition by New Zealand did the Rodber-Richards-Clarke combination finish on a losing side. Their victims included South Africa, Australia, France and, on their first appearance as a unit two years ago, New Zealand.

But not everyone was converted to the power game. Scotland, admittedly with fewer options, have stuck to the open-side flurrier. So have those traditional exponents of power rugby, New Zealand.

While they came off second best at Twickenham in 1993, the All Blacks' two world cup meetings with England have been a painful lesson in the difference blinding speed to the breakdown can make. Jonah Lomu's four tries dominated the headlines in this year's semi-final, but Josh Kronfeld, the scrum-capped open-side, was an almost equal partner in England's destruction.

In the opening game of the 1991 competition, the difference between two evenly matched sides was New Zealand's Michael Jones - his support play epitomised by being on hand to score the only try. Also able, at 6ft 4in, to offer line-out options, Jones at his best was as dominant and revolutionary a figure as Lomu.

Selection is always a matter of checks and balances. The flurrier is not always the right choice and England inevitably lose some line-out presence by Robinson's selection. But if they want proof that lethal pace is not an absolute requirement for the outstanding open-side they need look no further than today's opposition.

Ruben Kruger is quick enough, but it was powerful running, ability to anticipate and rock-solid defence that made him, although overshadowed by the glamour of Pienaar, the outstanding forward in South Africa's World Cup triumph.

Thus with England's preference in the early 1990s for the destructive skills of Peter Winterbottom over Robinson and Back. However, Robinson's exclusion from the national pecking order while playing a key role in Bath's non-stop success is a mystery.

Extra power is probably his edge over Back who, rejected again even as England accept the case for a specialist open-side, must be tempted by the example of New Zealand's Eric Rush, who has won an All Black place on the wing after moving from open-side.

The long-term bet may well be Lawrence Dallaglio of Wasps, who combines pace with physical presence. While overlooking Back, the selectors have sent a positive message to all fringe players - if you are good enough for long enough, your chance may come again.



Sporting profile

Bearing the Bok burden

Justin Cartwright meets Francois Pienaar, South Africa's inspirational captain

Sportsmen live in a strangely accelerated state. They appear from nowhere, age quickly and vanish. In this brief spell some

sportsmen come to represent qualities in the public mind which are wildly exaggerated. They have virtues thrust upon them in a fashion which anthropologists would describe as sympathetic magic. These virtues correspond more to the public's longings than to reality.

The relationship between sport and real life is like the connection between popular music and emotion. Francois Pienaar has become celebrated both for his robust rugby and his robust acceptance of the new South Africa. The enduring images of him at the world cup singing *Nkosi Sikelele iAfrika*, greeting his president, (also wearing the No.8 shirt), and kneeling in prayer after victory, have given him an enormous symbolic weight.

One of the reasons the burden of expectation is so great is that he looks like a hero. In a war film he would be the young *Oberleutnant* with a conscience. The first time I saw him, fresh from training, he looked worn but stoic. His face, in that sportswriter's phrase, is chiselled, but not from something as elemental as granite, perhaps more from the marble of an idyll.

Not to be huge, compared with Tim Rodber, the England back row man for example, he is reasonably normal in size. Although he gives off an uncompromising physicality, his almost perfectly athletic shape, his blonde hair, and the light sheen of training made him look more like a ballet dancer than a rugby player. The other forwards in his team appeared, by comparison, as though they have duvets stuffed down their shirts. I also had the strange feeling he was wearing make-up.

He is not the greatest rugby player that ever lived, but he is very good. He gets to the ball quickly, staunches every haemorrhage, and attacks fearlessly. His main aim to South Africa seems to be in his air of command, his head and shoulders appearing as if from the turret of a tank to survey the battlefield before getting stuck in again. It is this aura which has thrust him, whether he likes it or not, to the front.

He says, however that "I am not a symbol of anything. It just happened. There was no discussion or planning."

In a miracle not so unimaginable in South Africa these days, an Afrikaner archetype has been recast as a national hero. My researches in Soweto suggest that rugby has some way to go before it becomes the national game, but the management says it is on its way to being just that. There is no question that rugby is very big in South Africa, but the question is, in which South Africa? The question of black players in the team is, I think, seen more as a PR requirement and pre-emptive strategy than any absolute necessity.

Pienaar says that Chester Williams is picked entirely on merit, but I do not believe he would be left out unless he played a real stinker. Pienaar seems to agree that rugby is going to remain largely a white man's sport. But it should no longer be exclusive. This is how white South Africa thinks: the form takes precedence over the substance.

This is a country where blindingly complex issues have been fed through the sausage machine with

apparent success. But he denies that he has been thrust to the fore in any organised way. He had no idea that Mandela was going to wear his shirt until the last moment, and he did not organise the impromptu prayer meeting after the final whistle.

It was simply that the team, seeing him give thanks, fell to their knees in solidarity. And the team, apparently, consults him and looks up to him still. Earlier this year, Pienaar's image was tarnished by the fact that he agreed to act as Kerry Packer's representative in setting up a professional rugby circus in the southern hemisphere.

The traditionally fierce rivalries and hatreds of provincial rugby in South Africa were exacerbated by the thought that Pienaar was going to profit most from this venture. But Pienaar says that although he favoured it, it was only on condition that all the players agreed and that stringent conditions, which he as a lawyer had outlined, should be met.

In the end the players could not agree and they signed with the South African board. Pienaar received not one cent from Packer. In spite of the slogan "One team, one country", there are still deep divisions in provincial rugby. Pienaar, for all his achievements in captaining South Africa 23 times, with 13 games undefeated including the world cup, continues to experience hostility from other rugby regions.

He longs for some peace and some obscurity, but at least now that he is a full-time rugby player on a good contract he is able to concentrate wholly on rugby. He is not convinced he will go on for more than the 2½ years of his contract, but he believes his best is still to come.

He cites Will Carling's recent form as evidence of the possibility of playing good rugby in your later years. It is one of the tragedies and also the attractions of sport, that lifetimes happen before our eyes and players arrive at their dotage in double quick time, when they are really no more than boys.

When Francois Pienaar was born, Mandela was already in jail. He was born in Vereeniging, not far from Sharpeville, seven years after the cataclysmic events there set in motion the whole cycle of Mandela's imprisonment, the ostracising of South African rugby, and the country's eventual transfiguration, which led to Pienaar's open-air communion with his God and his president.

Pienaar has enjoyed London on this brief visit, and he and the team have been to the theatre. This turns out to be *The Roy Orbison Story*, rather than *Mother Courage*, but even this week infusion of culture has been welcome. The proximity of Soho to the team's hotel has not produced any problems. His main problem has been to find a morning suit for his wedding to Nolene, also a lawyer, in January. (*Four Weddings and a Funeral* certainly has done wonders for the morning suit if its fame has spread to rugby-playing circles in Johannesburg.)

Pienaar leaves you in no doubt who is in charge on the field and on the training ground. After a lacklustre session, some of the boys had to be reminded that being a member of his country's champion side entailed pride.

England are warned. As Pienaar says: "The boys listen to me."

Motor Rallying / John Griffiths

McRae has the lust for victory

My worst nightmare - come true

Work experience student, James Griffiths, was given his first experience of serious rally driving this week...

The four-wheel-drive Impreza rally car accelerated away from the start line at mind-numbing pace. Ah, first corner coming up. Time to brake...brakes?...please?...I am going to die. An eternity ago - in reality, just an hour - we had been touring Prodrive Engineering, the Banbury-based company which manages the Subaru World Rally Team and builds its cars, learning what goes into each £250,000 rally Impreza to make it 15 times more expensive than road-going versions. Now, as the public relations man had promised, we were at nearby Thwaites Farm being "driven around a (slippery) special stage by a top rally driver". Properly translated I now know that this means: "A homicidal maniac with a death wish will take you through turns at such speeds that your only hope of survival is the inability of the laws of physics to catch up."

The HM in this case was Richard Burns; outwardly just a friendly and talented Subaru team driver who was the 1993 British Rally Champion. His "just sit back and enjoy the ride" had been delivered in the cheerful tones of Jaguar pilots off to somewhere like Serbia.

"It's lucky how the car stays on the road sometimes, isn't it?" smiled Richard, arms twirling. "Yes," came the creak from the passenger seat as the car hurtled itself at yet another impossible corner. "I can see how that could be a real plus."

So what do you learn from an exercise like this? Primarily that speed is much more than going fast in a straight line and that "world class rally driver" means exactly that. Burns, like his team-mates, is supremely talented. Even though speeding in a 300 horsepower car capable of standing still to 60mph in under four seconds, a co-driver feels safe. Well, almost. It is just like being on a full-sized Scalextric track - but one where they have occasionally forgotten to put in the grooves.

tracks through close-bordering trees, the McRaes have suffered no serious damage during their collective 40 years of rallying. Thus it is on the rewards, not the risks, that McRae's mind is wholly fixed. "The RAC is my favourite event and victory in Chester, in front of my home crowd, would be perfect."

But spurring McRae on, too, is the sour aftertaste of events on the championships' penultimate round, Catalunya, in Sainz's native

Spain. McRae was leading and could have won, giving him a decisive advantage for the final round. Instead, David Richards, chief executive of Prodrive Engineering, the Banbury-based concern which manages Subaru's world rally team, decreed that McRae should finish behind Sainz - fearful that a partisan and increasingly threatening Spanish crowd would ensure by other means that Sainz would win.

The episode left McRae, who started this year's championship badly, initially furious and now grimly determined. "People had written me off earlier in the season. But I've proved I am world champion class in the past three rounds. Carlos might be my team-mate but it's a straight head-to-head situation now."

Yet were it not for another development which has shaken motor sport to its core, McRae would have



Rallying to victory: life is spent at 100mph-plus on dirt tracks

other rivals than Sainz to consider in the final round.

Until a few days ago, the Toyota Celica of four-times world champion Juha Kankkunen posed a significant additional threat: a win yields 30 points and Kankkunen trailed by only eight.

But the Toyota challenge is no more. At a hearing in Paris, the FIA World Council, motor sport's governing body, imposed the greatest single penalty ever on a transgres-

sor of competition rules.

Toyota, the world's third largest car producer which cumulatively has spent around £100m on world rallying as a promotional tool, has been stripped of all this season's points, banned from the "RAC" and thrown out of the world rally championship next year for running illegal turbochargers at Catalunya.

This leaves Mitsubishi as the only possible challenger to the

midnight blue Subarus for the manufacturers' championship.

However, McRae rejects suggestions that Toyota's exclusion means his victory might be pyrrhic.

Certainly, with no hotel room left unbooked in Chester, and the RAC Motor Sports Association expecting more than 2m "live" spectators over the 1,455-mile, four-day event, Toyota's ban appears to have heightened, not diminished, interest in the battle's final outcome.

OUTDOORS



Picturesque Are-Duved in Scandinavia: one innovation of the resort is to offer free assessment tests to skiers

Skiing / Arnie Wilson

Sweden's winter secret

The skiers are Swedish, the head of the ski school is British, and the catering - at least in Stendallen (Stone Valley) - is done by Laplanders. This is not a joke depicting Europe's least attractive ski area: it is Are-Duved, Scandinavia's best kept secret.

Of the seven ski areas I visited in Norway, Sweden and Finland this year, Are not only has the most extensive and challenging terrain (44 lifts serving 87 pistes) - it also has the most picturesque Swiss-style resort centre.

Like a mini St Moritz, it is spread-eagled above a frozen lake - Lake Aresjön. Like Mürren, it has an old funicular which since 1910 has taken tourists up the mountain. And like Zermatt, the slopes are dotted with mountain restaurants and bars.

One of them, the Reggfall restaurant/bar at the bottom of the Duved slope, resembles a huge green flying saucer. Perhaps not quite Zermatt.

The resort has a modern gondola and Sweden's only cable-car, plus a

ski school of 70 instructors run by Toni Koning, a giant of a man who skis like a dream. His name sounds Austrian, but he is from Worthing, West Sussex.

Now 51, he has been teaching skiing in Sweden since he became "fed up" with skiing on the ice in Aviemore more than 30 years ago, went to Sweden for a quick visit, and stayed.

Duved used to be the more significant ski area, but the Swedish government decided that Are was to be the country's most prestigious winter resort and poured millions of Swedish kronor into development. Eventually, Are absorbed its neighbour but the two areas are not linked, except by a short shuttle bus ride.

It took us the best part of two days hard skiing to find our way around the 30 or so local slopes (there are more than 185 runs if you include separate outlying villages).

And that did not include any of the extensive off-piste, either from the top of the mountain (reached with the help of a snow-cat tow) or an excursion into Ostra Oche Susabackravén

Vastra, a vast ravine particularly favoured by snowboarders.

Koning is not a snowboarder himself but plans to invite an audience to watch his first faltering attempts when he finally takes the plunge this winter. He believes snowboarders have their place and makes sure they are carefully nurtured at Are.

"We have seven full-time snowboard instructors and they have their own special clothing. There is nothing worse for snowboarders - who don't like taking lessons at the best of times - than being taught by an instructor dressed in a ski suit designed for alpine skiing," he says.

Another innovation is to provide skiers with a free assessment, pointing out aspects of their technique that need to be addressed.

"We are particularly trying to get to fast intermediates who come hurtling down the mountain skiing on the backs of their skis, out of control. These are the most dangerous skiers on the mountain. You would be surprised how many of them book lessons after their assessment test."

The Swedes take a leaf out of the Americans' book by using artificial snow to make a base in November rather than just for patching up trails that are wearing thin, as resorts in the Alps tend to do. "You can't expect snow at the right time every year," says Koning, as we cruise down to the bottom of Stendallen, where Lappe serve reindeerburgers, sandwiches, coffee and pastries from benches in front of their goathies (tepees).

Later we enjoyed something more substantial at the quaint 1940s Buntstam Restaurant. Once miles from the nearest lift, it relied throughout the 1960s and '70s on the patronage of cross-country and touring skiers, somehow surviving in splendid isolation before being "rediscovered" with the construction of the Ulladalen T-bar.

Are also has some of the more sophisticated après-ski in Scandinavia: the delightful and spacious old lounge bar at the Diplomat Ski Lodge would be a sell-out in St Moritz. The walls are festooned with colourful frescoes depicting winter sports

scenes from the turn of the century, and there is even a small climbing wall to keep the children happy while their parents sip hot mulled wine in comfortable armchairs.

One of the best restaurants around, the Warshuset, Karolinen, was destroyed by fire recently: it has been rebuilt with such care and craftsmanship that you would hardly know the difference. The restaurant is named after the disastrous retreat through the mountains by King Charles of Sweden's troops from Norway in 1719, when thousands perished in a savage winter.

It specialises in cook-it-yourself cuisine - reindeer or seafood - on a hot stone. I had enjoyed something similar in the French Alps, where they call it *pierrade*. According to our hosts, the French stole the idea from the Swedes.

Arnie Wilson stayed at the Sunning Hotel, Are. His visit to Sweden was arranged by Ski Scandinavia, Holl Farm, Hall Lane, Ashby Magna, Leicestershire LE17 6ND. Tel: 01455-202010

Motoring / Stuart Marshall

Peugeot is tip for Car of the Year

Only one new model can be winner of the European Car of the Year Contest. Five manufacturers - Peugeot, General Motors, Audi, Fiat and Mercedes-Benz - are fervently hoping it is going to be theirs. The contenders are the Peugeot 406, Opel (in Britain, Vauxhall) Vectra, Audi A4, Fiat Bravo/Bravo and Mercedes-Benz E-Class. They were short-listed from a much larger entry in a preliminary ballot. Over the next two weeks a jury of motoring writers from 21 European countries will be deciding the winner.

Which car will it be? I make the usual disclaimer: I am not, and never have been, a member of Car of the Year jury and thus feel free to comment.

There can be no argument that all five cars represent the best of modern automotive

design. They are safer, more comfortable to drive, go further on every litre of fuel they burn and, at the end of their long working lives, will more easily be recycled into reusable raw materials than the cars they succeed. Any one would be a worthy winner and I have little doubt that the voting will be close. But I think the award is most likely to go to the Peugeot 406.

The 406 is everything a medium-sized and priced family-cum-fleet saloon car should be. Its lines ensure that it will never be mistaken for anything other than a Peugeot and it rides and handles with the marque's traditional excellence. Estate cars and coupe versions will come within a year. Before that, the 1.8-litre and 2-litre petrol and 1.9-litre turbo-diesel engines saloons now on sale in left-hand drive

markets will be joined by an exceptionally pleasing 2.1-litre turbo-diesel.

Peugeot has V6 engines for the 406 in the pipeline. General Motors' Vectras (badged as Opels everywhere except Britain, where the Vauxhall brand lives on) have them already. Buyers of this Vauxhall Cavalier replacement have a choice of four petrol engines, from 1.6-litre to 2.5-litre plus a 1.7-litre turbo-diesel. There are saloon and hatchback bodies, with an estate car due to go on sale in the spring. Transmission may be manual or automatic; the latter has a cunning device that slips it into neutral every time the car stops. A fuel saving of around three per cent is claimed.

On paper, there is nothing to choose between 406 and Vectra, though the latter might score more points for offering



Vote-winner: the Peugeot is somehow a more stylish car

greater consumer choice at launch. But, worthy car though the Vectra is, I think the Peugeot will get more votes. I find it hard to say why except that in a subtle way, it is somehow a more stylish car to be seen in than the Vectra.

Fiat's new-born Bravo and Bravo are not identical twins. Bravo is a five-door hatchback for family motorists, its Bravo sibling a sportier three-door variant for younger buyers. They do, of course, share all the main mechanical bits and pieces. Although they are unquestionably the best cars of their size Fiat has ever made, I do not see them winning.

The reason is simple: Fiat's Punto won the title last year

and in the contest's 31-year history, the same marque has never won two years running. Interestingly, the Renault Megane, which will lock horns with Bravo/Brava in the market, was not eligible for the contest because too few will have been sold by the year's end to meet the organisers' conditions. Nor, for similar reasons, could the new BMW 5-Series be considered for judging alongside the Mercedes-Benz E-Class.

The Audi A4, which replaced the former Audi 80, has been selling well for nearly a year against cars such as the BMW 3-Series. And the new E-Class takes over from the most successful model Mercedes-Benz

has ever made. Both are top quality products but will, I suspect, be seen by the jury as a mite too evolutionary to win Car of the Year. This may puzzle Mercedes-Benz. By its standards, it went out on a limb in giving the new E-Class Benz sculptural headlamps instead of oblong ones.

And the order in which the finalists will pass the post? I see Peugeot's 406 as the winner by the shortest of heads. The Fiat Bravo/Brava will be hard on its heels, followed closely by the Audi A4, Mercedes-Benz E-Class and Opel/Vauxhall Vectra. Will there be egg all over my face when the result is declared? I shall know in two weeks.

activity, dealing with questions beyond the everyday.

With the best of intentions, the BBC tends to reinforce this apparent separation by having a science unit, in the same way as it has a sports unit. More generally, TV holds up an oddly distorting mirror: judged by the box, everyday life is lived largely in police stations and hospitals, never in a scientific laboratory.

So, I believe that our understanding of how the natural world works, gained mainly by researchers pursuing their curiosity, has transformed our daily lives in ways which we could not have imagined a generation ago, and yet which we now take for granted.

It therefore follows that basic research creates wealth,

for individuals, corporations and nations. In Britain, the science base continues to be strong, producing well and flexibly trained people. But, with some notable exceptions, pharmaceutical and chemical industries in particular, industry does not always do a good job in capturing that wealth.

This may in part reflect cultural failures to recognise the connections between basic science and the products which redefine daily life. Partly, the problems may derive from the risk-averse and short-term financial institutions.

In preparation for Britain's future in an increasingly competitive world, failure to encourage entrepreneurship and a concomitant reluctance

to take risks is the greatest risk.

Professor Robert M. May is scientific adviser to the government.

European Report on Science and Technology Indicators (Report EURI 5387 EN, HMSO, 1994).

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year. The best trick is to plant speciosum in pots where it seems to thrive remarkably well. The soil should be lime-free and the pots should be deep, because this variety is another which roots along its lower stem.

The bulbs are not always virus-free in the trade, a hazard which is so widespread that it is no longer the growers' fault. In pots, speciosum can be kept away from other lilies in the lower beds and stopped from passing on any sickness to them, too.

The florist trade is swamped with cut flowers of the Oriental hybrid Star Gazers, which has speciosum as a parent. Supermarkets seem to love it, and people give it to each other as a short-lived plant for the house. Amands reckons that 80m bulbs of this one form are now being sold every year, whereas the ordinary, natural speciosum sells hardly 500,000.

My allegiance is entirely clear. The ordinary speciosum and its particularly lovely, pure white form are the superb choices for pots of acid soil on a terrace where they can be staked and watered and enjoyed with no other trouble next year.

These three varieties need to be planted as soon as possible, although modern techniques of storage are reducing the risks of late planting after Christmas. There are dozens of options - but why bother with these which fizzle out until you have enjoyed these three winners which oblige anyone?

There is, however, the out-of-the-little matter of that lily beetle. It helps if you spray the developing stems and buds with Sybol, and it can assist further if you acquire a copy of the Royal Horticultural Society's leaflet about this new menace.

Continued from Page 1

seen. I hope this search produces surprises, because the fashionable standard model of the nature of matter is a bit Heath Robinsonish.

I am disturbed by the recognition that we do not know, to within a factor of 10 or so, how many species of plants and animals share the earth with us (never mind the micro-organisms in the soil and elsewhere). Even more disturbing is our lack of understanding of the causes of biological diversity, or its role in maintaining ecosystems.

These are large and important questions. But what have they to do with everyday life? For the answer we must shift the focus from science's high culture back to earth. Consider the supermarket check-out counter. The operator reads the bar code on each item. You

can pay with a piece of plastic that is "read" by a machine which has added up your bill, debits your bank account and tells the manager what stock he needs to order for the next day. This is all routine and, for most people, as unremarkable as shoving the frozen lasagne into the microwave.

Yet only a few decades ago it would have seemed on the further reaches of science fiction. The check-out routine could not take place without a host of applications of research, driven originally by curiosity, in disciplines as diverse as solid state physics, optics and mathematics - topology and abstract algebra.

In the office of 40 years ago, manuscripts were copied using

carbon paper, and if you wanted a larger distribution you cut a stencil. Today, via the Internet, I can work with colleagues in San Diego as if we were in adjoining offices, and then immediately distribute the resulting manuscript via e-mail to as many people as I wish.

These fruits of scientific understanding have become so commonplace that we have lost the capacity to wonder at them. But if we think the check-out counter or the office computer are ordinary, we are wrong. They are just as marvellous as research on the formation of stars and galaxies, and they involve just as much basic science.

C.P. Snow, the novelist, popularised the idea that every

educated person should be familiar with the Second Law of Thermodynamics. Yes, that is the one which says that perpetual motion machines can

Indeed, many people see science as almost a mystical activity

not exist. It also says that, however brilliant a motor car's manufacturer may be, only a fraction of the energy produced by burning petrol can be turned into forward motion.

The rest must, by an immutable law of nature, be wasted as heat in the exhaust and the cooling system.

Moreover, the second law says that electric cars will always be more efficient than petrol ones - even though batteries are not yet good enough to make them as fast.

These are, as Snow understood, fascinating and important facts of life as well as being fundamental to the extraordinary changes that have taken place in our world. Yet to most people the sexy angle on the second law is that it leads to a prediction of the death of the universe, when all organised motion comes to a stop and things end in randomness. Indeed, many people see science as almost a mystical

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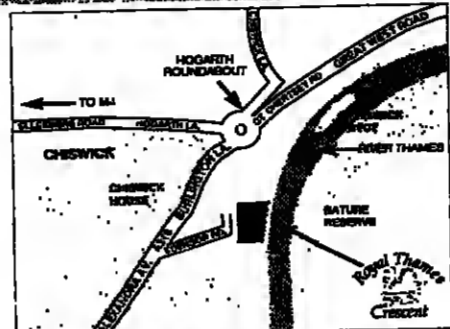


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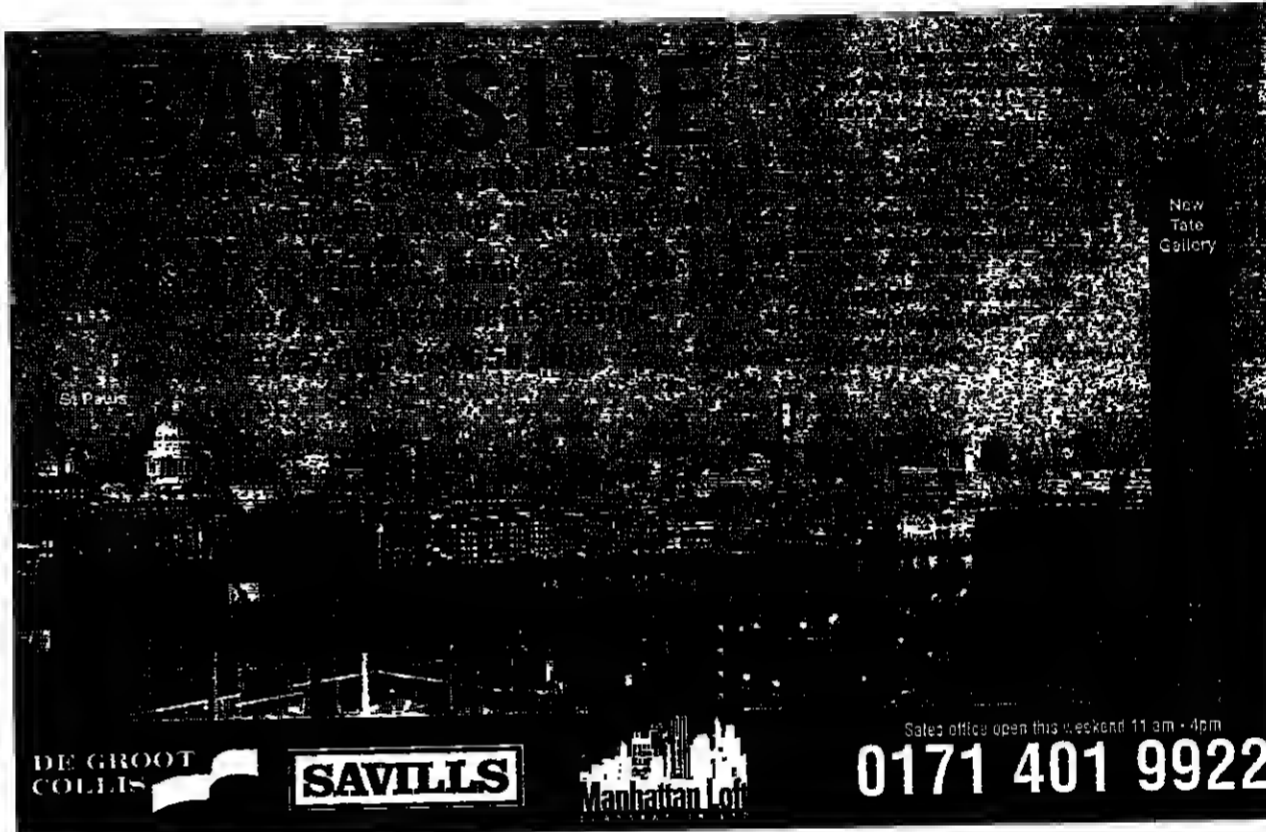
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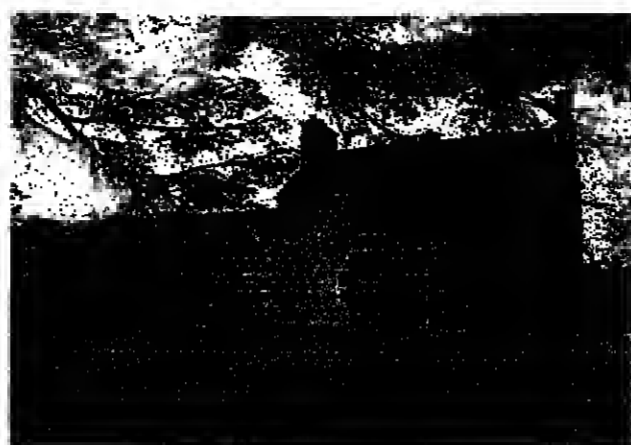
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PROPERTY



Bellakilly, near Rushen, has a guide price of £800,000



West Kella at Sulby, with 10 acres, is priced at \$485,000



A large cottage, Lheananne Arrik at Sandygate, costs £229,000

Pleasures of a tax haven

Gerald Cadogan enjoys the bracing air of an entrepreneurs' paradise - the Isle of Man

The Isle of Man exudes a resilient sense of its own independent island life and traditions. It has beautiful countryside with a mild, if wet and windy, climate - ideal for those who enjoy gardening, sailing and walking. Its Victorian mansions and trains recall the island's heyday as a holiday resort for north-west England in the early part of this century. It has its own language, Manx, and it is a tax haven.

The Isle of Man sits in the Irish Sea at the centre of an imaginary circle linking all four provinces of the UK at their closest points to each other. But it is not part of the UK, although the Queen is Queen of Man. Its parliament - the Tynwald - goes back to the Vikings.

Despite standard VAT at a familiar 17.5 per cent, the Isle of Man has no capital taxes and sets remarkably low rates of income tax. Thanks to this generosity, it has become a haven for entrepreneurs. Financial services flourish.

Now that the people of the Lancashire mill-towns are more likely to holiday in Spain and Crete, the tall terraced houses in Douglas (the capital), Ramsey and Port Erin - built to cram in floor upon floor of bed and breakfast, bucket and spade boarders - are now cheap to buy. Some cost between £70,000 to £120,000 on the Douglas seafloor and £30,000 away from it.

Nowadays the Manx government aims to attract higher-



Barrowdale House at Abbeylands, price £975,000

spending visitors throughout the year to walk, sail, play golf, or admire the countryside and the monuments. If you go, do not miss the Manx Museum in Douglas for an excellent picture of the island's long history.

The low crime rate also attracts incomers, says Keith Kinnaird, of agent Chrystals ("It's hard for a thief to hide here") as does the island's high educational standards.

Income tax for a married couple starts at 15 per cent on the first £17,500 of taxable income, after an allowance of £12,800, unlimited mortgage (and other) interest relief to Manx resident lenders, and 50 per cent relief on life assurance premiums.

Add to this the possibility of exempting the capital gain on selling a business, and the attractions of a Manx residence

must be huge - after checking the tax angles with Manx and UK advisers long before starting the move.

The best news for incomers is that Man does not have a two-tier (open versus local) property market such as exists in the Channel Islands, where incomers must be able to demonstrate serious wealth in order to be permitted to settle.

There are no restrictions on Man on buying property or taking up residence, although taking a job requires a work permit. Some families are now moving to Man from the Channel Islands, Kinnaird finds, to have more space for bringing up children.

Demand and supply alone govern the Manx housing market. The other side of the low tax regime is that prices are high in comparison with much of the UK, although not mark-

edly more than in the wealthier parts of Cheshire, around Manchester. But being a small and specialised market should mean that prices will at least keep up with inflation in the long term. If UK taxation were to rise, the chances are that prices on the Isle of Man would also rise, as UK demand encountered Manx supply.

Houses on offer from Chrystals (one of the three principal Manx agents - the others are Cowley Groves and Dean Wood) range from former farmhouses to 19th century gentlemen's residences where Liverpool merchants parked their families for the summer. Ideally, the farmhouses still have some land and farm buildings. Ballakilly, near Rushen, is a strong Georgian stone building - like the old farmhouses in Maryland in the US - which has been beauti-

fully restored and has a large farmyard and 45 acres. Its guide price is £800,000.

An alternative at £465,000 with 10 acres and a cobbled yard, and possible granny flat or holiday cottage, is West Kella at Sulby. A large cottage, called Lheananne Arrik at Sandygate, with one acre and four bedrooms and views to Snafell, costs £229,000.

Of the Victorian gentlemen's residences, Parville at Arbury is a superb confection of a house in black and white with a smart garden and views to the sea. Its price of £460,000 (also Dean Wood) reflects the fact that it needs work.

An attractive 1980s version, designed to catch the sun by the sea at Ronaldsburn, is Derby House (£375,000). The back view of this warm and friendly home looks on to the airport, enabling the vendor to

wait until he sees the flight come in before driving around to collect his guests. Barrowdale House at Abbeylands is a mansion built in 1995, and costs £975,000.

Around Douglas the booming financial services industry has created plenty of demand for housing. The Abbeylands development by J.G. Kelly Homes (a Manx company) on the edge of town (with open country the other side of the road) is selling well, at prices from £55,000. The alternative is to buy a Victorian terraced house in the middle of town, which is likely to cost between £55,000 and £75,000 for two or three reception rooms and three to five bedrooms, or £89,500 for a house in Woodbourne Square facing south on to communal gardens.

In a higher price bracket, Africa House is priced at £1.4m and is an imposing Victorian residence in the middle of town with ornate chimney pieces. Also for sale on the edge of town is the grandest house on the island - The Nunnery, Strawberry Hill. This gothic palace, built on the remains of an abbey, with large rooms, indoor and outdoor swimming pools, glorious gardens, a long drive and plenty of outbuildings, has a chapel which is still used for services. The vendor is Robert Sangster, the wealthy racehorse trader. The guide price is £3.5m (also Dean Wood).

Agents' offices in Douglas are Chrystals (01624-628778); Cowley Groves (01624-628888); Dean Wood (01624-628888).

Cadogan's Place
Deadline passes

The deadline passed on Wednesday for submitting proposals to Knight Frank & Rutley, the estate agents, for the future use of the Royal Naval College of Greenwich.

In a bizarre exercise, the government commissioned KFR to find a tenant to take a lease for up to 150 years on the grandest set of Thameside buildings, apart from the Tower of London.

Let us hope that this expensive, unpatriotic attempt by Michael Portillo, the Defence Secretary, to privatise the nation's naval and architectural heritage fails.

May proposals from public bodies win the day - a result that would have been easy and cheap to achieve by circulating a few letters rather than KFR's expensive brochure.

The National Maritime Museum and the University of Greenwich have sound suggestions. The museum would like to manage the great Painted Hall and Chapel, including public access to them.

Its second proposal is a heritage trust for the buildings to ensure use by appropriate organisations.

The university faces the problem of being spread over 20 sites from Roehampton to Chatham. Occupying the college would let it have a proper academic centre in buildings that the navy has already used for education, and to dispose of some of its plethora of sites. It expects to fund this without calling on the taxpayer and, in collaboration with the museum, there will be greater public access than at present.

The Royal Naval College could house the university's business faculty, central administration, and library - and provide student rooms.

Those who fear that students would vandalise grade I listed buildings need not worry. Greenwich University is already responsible for grade I buildings at Roehampton and Greenwich. If students can respect the architecture of the Oxford and Cambridge colleges, so they can of Green-

wich. In case they forget, the university is also developing an international centre for heritage management to be based in the college.

If Portillo insists that users pay a premium for the lease (even if they are public bodies who will be taking on the expense of looking after the buildings), what is a fair sum? I suggest £1. And for the ground rent? A peppercorn.

How were the Greenwich buildings paid for originally? One surprising source, wrote FT reader T.D. Kidd after the previous article on the college (September 30), was from the assets of Captain William Kidd (are they, by any chance, related?). Captain Kidd was hanged for piracy in 1701 after, the reader says, a rigged trial and a trumped-up charge. Amounting to £6,472 and one shilling, the money was forfeited to the Crown but, at Kidd's request, Queen Anne passed it on to Greenwich Hospital.

Meanwhile upriver, flats in two blocks in county hall, the building which used to house the Greater London Council, have been selling like hot cakes. Eight people queued for two nights to be among the first buyers in the development by Galliard Homes and Frogmore Estates. By the end of the opening weekend more than 100 flats had been sold and more than 2,500 people had come to view.

A few flats may still be available in the current phase with completion between April and July 1996. Inquiries to the county hall sales office (0171-620 1500).

Another piece of London for sale is a box in the grand tier of the Royal Albert Hall. It seats 10 and has full catering facilities. The guide price for enjoying the Last Night of the Proms - and much more - in perpetuity is £300,000 from Cluttons London Residential Agency (0171-594 2044).

Gerald Cadogan

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FOOD AND DRINK

No restaurant I have eaten in before has ever given me a credit card. Usually it is the other way around. Nor have I ever watched a barman, when there were no drinks orders to fulfil, processing the used credit cards to make sure there were no outstanding balances before recycling them.

But this is no normal restaurant. This is Foodlife on the mezzanine level of Water Tower Place, a shopping mall on North Michigan Avenue, Chicago. The concept behind this restaurant is so attractive, so user-friendly that it has intrigued me ever since I read about it in *Food Arts*, a magazine for the American restaurant industry, last year.

The restaurant aims to offer choice and to satisfy various members of the same party who want to eat completely differently. Within Foodlife there are 12 large, wooden kiosks selling different types of food including: a hamburger bar; a pasta bar; a Cajun food bar; a stir fry restaurant; another serving Mexican food and a vegetarian kiosk.

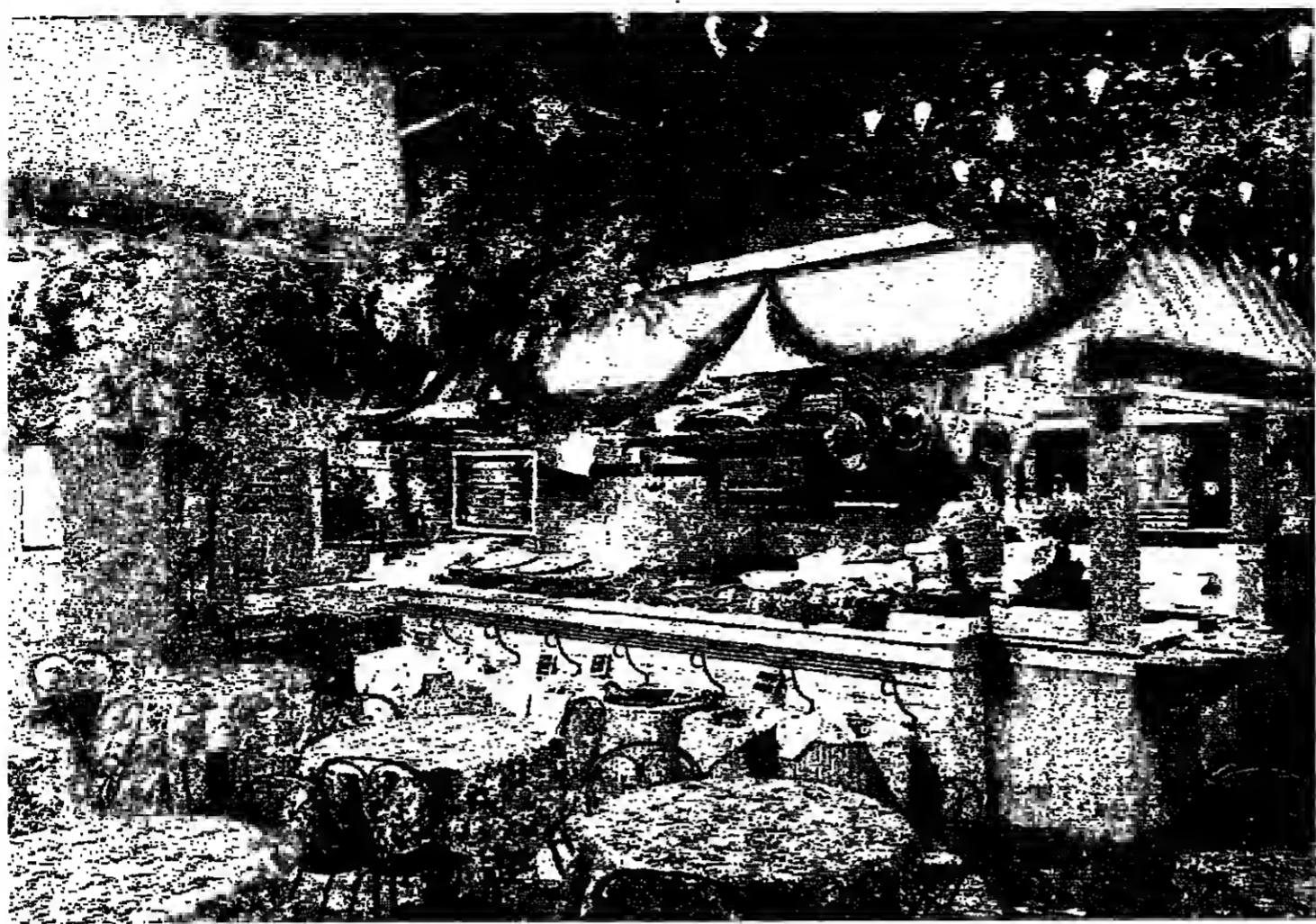
When you arrive at Foodlife you are handed a sensor card, the same size as a normal credit card, which you are given as you are taken to your table. You then leave your coat, and any shopping you may have acquired, turn over a revolving plastic card on the table to signal that it is occupied, and visit your chosen food counter.

As your children rush off for hamburgers and a Coke, you might return with spare ribs, corn muffins, mashed potatoes, red beans and a glass of Zinfandel and your vegetarian friend might choose an oriental stir-fry. As you collect your food you hand over the sensor card and what you have ordered is swiped through a cash register. You repeat this process as often as you want, perhaps going to a different kiosk for dessert or a cappuccino. At the end of your meal you settle up with the cashier - this part of the restaurant resembles a supermarket check-out. Our meal - one Mexican, one Cajun and one vegetarian, drinks, desserts and coffee - came to \$42 (\$28) which included 7.5 per cent service.

Foodlife, which opened in spring 1993, is operated by the innovative Lettuce Entertain You Inc, a private company which operates more than 40 restaurants predominantly in Chicago but also in Arizona, Washington, Minnesota and Japan.

Founded in 1970 by Rich Melman, now president and chief executive officer, it reported sales for 1994 of more than \$125m and a staff of more than 4,000.

When I asked Melman whether Foodlife's style could or would be repeated elsewhere he said probably not because of the complications of what amounted to running a dozen restaurants in one shop. Outside



Foodlife: an eating out idea that is proving a hit in Chicago

Eating out / Nicholas Lander

World under one roof

Foodlife they run a delicatessen, the Sacred Grounds coffee bar, as well as the Mity Nice Grill with waiter service - were enormous.

I garnered more information from Jeff Winograd, Foodlife's general manager. The origins of this novel system lay in the management's desire to operate a food court - offering the type of food now common in railway stations, airports and shopping centres the world over - but without it looking or feeling like one.

They had thought of the idea of the individual sensor card and they approached Micro, a company specialising in electronic order systems for the restaurant trade, to turn it into reality.

In spite of initial problems, the system is proving highly successful.

Foodlife seats 440 but was feeding 3,000 customers a day with a staff of 250, seven days a week, with Saturday the busiest day. With an average spend of around \$10 per person, Foodlife's annual revenue was close to \$10m.

Winograd said: "The system is very effective but it has organisational problems of its own, particularly controlling the flow of customers, waiting staff and cooks when we are very busy." With this he hurried to apprehend someone walking off with one of the sensor cards. He returned to add: "What it does mean, however, is that we can continuously change the food offering. Next week we are introducing a new kiosk called Wraps that will sell Japanese rolls with different kinds of fillings. This makes Food-

life exciting for the customers and the staff."

Two other fundamentals of the company's approach to business include a commitment to recycling and a high degree of staff loyalty.

As many products as possible are made from recycled materials from paper napkins to wooden food trays. Foodlife's motto is: "Be kind. Eat true. It's now," while the Mity Nice menu urges you to "think globally, act locally, dress casually".

The other fundamental is the loyalty Melman instills in his staff. This is partly due to his populist approach, partly to the company's success - there are 24 partners, most of whom have become dollar millionaires - but also to Melman's belief that psychological counselling helps him manage better. He

has been seeing a psychotherapist for more than 25 years and the company makes counselling available for all staff.

Yet such beliefs count for little in America's highly competitive restaurant industry if the quality of the food, attention to detail and, increasingly, the marketing are not exciting enough.

My first breakfast at Melman's Corner Bakery (where the waiting staff wear T-shirts saying "All you knead in life...") was so satisfying that we went back the next day. We ate an excellent lunch at one of their Italian restaurants, Tucci Milan, where to stimulate demand on Sundays children eat free between 5pm and 7pm. But it was Foodlife that captured my imagination and my taste buds.

Wine

Top-price tipples

The recession would seem to be over, to judge from reports from the snazzy new Monte's club in Sloane Street.

The sommeliers (ex-Les Saveurs and Bibendum respectively) are widely respected for their knowledge of both new and old worlds of wine, but their careful selections from Barolo and Barossa are languishing as members head straight for the French classics at the top end of the price spectrum. Although there are bottles on the list at £14, the average spend is £80 per bottle and, on some evenings, wine sales account for 70 per cent of turnover.

A table of three recently drank DRC's Montrachet 1985 at £935, Chateau Latour 1959 (£675), DRC's Richebourg 1981 (£315) and Taylor 1945 (£235) - a total wine budget (if that is the right word) of £3950 per head.

At the other end of the spectrum, acquisitive brewers Greenalls' wine shops, Wine Cellar and Berkeley Wines, currently offer an exceptional red wine bargain at £4.99 - from the ancient vines which California has in such relative profusion.

Cotes d'Oakley 1993 is a spicy, bundling of a blend put together by vine grower Fred Cline from his ancient, sandy vineyard beside the railroad in Contra Costa county (featured in the Syrah programme of my BBC2 series on Friday nights).

It is made up mainly of old Carignan and Mourvedre (called workaday Mataro until the Californians realised they could capitalise on the fashionable reputation of its French synonym). Other ingredients are Syrah, Zinfandel and the red-fleshed Alicante Bouschet - and a jolly good argument for the virtues of blending they make too.

Screwdrivers, designers and manufacturers of corkscrews that work with minimal effort, have come up with a new product likely to appeal to those who cannot justify spending £79.99 on the Lever model (which has revolutionised life for those of us who have to pull scores of corks a day) and who find it inconvenient to have a separate instrument to cut foils neatly.

The Elite and Bistro models, £19 and £20 respectively, elegantly incorporate a foil cutter in the design which, with its longer screw and body, make it better equipped to deal with long and fragile corks.

The Bistro version also incorporates a bottle opener. The range is imported by Le Cruiset which provides stockist information on weekdays on 0800-373792.

Those who love both the Alps and fine wine might be interested in the summer wine holidays in Savoie run by wine consultant Wink Lorch.

A week spent in a well-appointed Alpine farmhouse near Annecy, combining wine tasting, mountain walking and what appears from the brochure to be quite a long time at the table, costs £525 per person, excluding travel to and from the French Alps. For more details tel/fax: 0181-670 8885.

Follow-ups to two of last month's stories. Re tangy-fresh light dry sherry, the best aperitif in the world but one that needs to come straight off a shipment from Jerez to refresh convincingly. Majestic wine warehouses is offering 50p off the delicious Hidalgo Manzaniella and £1 off Garvey's San Patricio Fino until January 8 so that they can be had for £5.49 and £4.99 respectively.

These prices really are ridiculously low for a whole bottle of something guaranteed to titillate the most jaded taste buds.

Re Gallo's move up market, the Queen's wine merchant Corney & Barrow did take on the exclusive agency for the world's biggest wine producer's range of superior varieties, but only after persuading the California giant to reduce the price by several pounds a bottle.

Meanwhile, the first public visit to Britain of a wine-producing Gallo, that of granddaughter or 'G3' Gina, has been put off from November until next spring. She is extremely good news, and so serious about wine that she is even interested in something as masochistic as the Master of Wine exam.

Jancis Robinson

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Cookery / Philippa Davenport

A gourmet's Christmas delight

Christmas hampers, like picnic hampers, may win points for old-fashioned good looks. But wicker does not keep perishable foods as safe as modern cool bags. Worse still, Christmas hampers are nearly always impersonal, pretentious and over-priced.

Study the catalogues and you find that "The Knightsbridge", "The Oxbridge" et al all offer much the same selection of hardy perennial festive fare in different permutations at different prices. They may never offend outright, but in all probability they fail to give any single recipient real joy - because taste is just too personal to be satisfied by such standard offerings.

Some hamper companies will fill hampers to individual order. But, in my experience, more pleasing than any assortment is the gift of just one of the recipient's favourite foods. The art of giving lies in discovering what ingredient makes your potential recipient salivate most, and in seeking out its best producer.

A price but true luxury is foie gras. Top quality fresh raw foie gras is one of the most exciting ingredients the cook

can lay hands on. Sliced, sautéed, served with brioche toast plus perhaps a few gently warmed crescents of apple or grapes, studded walnuts and salad leaves, it is the classiest fast-food money can buy.

Those who are not work-shy may also agree that a home-made terrine of foie gras is sublime. The recipe I quoted on these pages last year from Shaun Hill is exquisite and foolproof. Anyone who missed it may like to note that Shaun Hill's *Cookery Book* is now available in paperback (Macmillan, £12.99).

Elizabeth Rostaing, of Gourmet Products of France, imports high-class fresh raw foie gras of duck to order, for delivery to addresses within the London postal area only, during the fortnight before Christmas. Her foie gras costs an exorbitantly reasonable £45 per kilo. Delivery is free of charge, on days and at times agreed between her and the customer.

The livers weigh between 600g and 800g grams on average, although a few are nearer 800g (just over 1lb), and others are nearer 1 kilo (just over 2lb). Although vacuum packed, these raw livers are very per-

ishable. They need refrigeration and are intended for cooking and eating within a few days of delivery, by Christmas at latest. Do not expect to be able to hold them over for the new year.

Rostaing can be contacted at Gourmet Products of France.

Fresh raw foie gras is preferable to any other, leaving the cook's options wide open



123 Howards Lane, Putney London SW15 5QZ, tel: 0181-788 8908, fax: 0181-788 2732. Orders must be placed by November 25 at the very latest.

While Rostaing caters only for those living in the capital, I am delighted to report the discovery of another company that will deliver to any address in mainland UK both raw and freshly cooked duck foie gras of a high order.

Deliveries are made by overnight courier. Alas Teesdale will not guarantee morning delivery, or even specify afternoon delivery, unless the customer is prepared to pay an additional double figure delivery charge. This is irritating. Although the product is carefully packed on ice in polystyrene, with clear storage instructions and use-by dates, given its highly perishable

nature, the recipient really needs to be at home to receive the parcel, or make arrangements with a good neighbour in absentia.

Home deliveries of foie gras are made on Tuesdays and Fridays, and orders must be placed with Teesdale at least one week in advance - longer is obviously appreciated. Last deliveries for Christmas will be made on Friday December 22. This means that last orders can be accepted up to, but no later than, noon on Friday December 15.

One of the advantages of buying through Teesdale Trencherman - apart from the fact that the company operates a nationwide service - is that, because of connections with the restaurant trade, it deals in foie gras all year, not only at Christmas. What is more, you can specify, when placing an order, that you want maximum shelf-life.

I recommend strongly that you do this as it allows the recipient to store foie gras in the refrigerator for 10 days or so before cooking and eating it, instead of having to slot it into menus immediately. In other words, fresh raw foie gras ordered from Teesdale for

delivery on December 22 could be enjoyed as part of the Christmas feast or saved for new year celebrations.

Fresh raw foie gras, in my view, infinitely preferable to any other sort, and it leaves the cook's options wide open - to sauté and serve it hot, or make it into a terrine to eat cold. That said, I accept that for many people part of the aim in giving food as a present is to give the cook time off kitchen duties.

With this in mind, I sampled Teesdale's freshly cooked roulade of foie gras of duck, and I have to admit it is probably the best ready-prepared foie gras product I have ever had the pleasure of getting my teeth into.

Roulade of foie gras, which has a shelf-life of up to four weeks, comes in a 600g pack (just over 1lb or enough to serve 10 people). It costs £37.50 plus delivery. Teesdale Trencherman sensibly suggest that orders for foie gras are best made by telephone, rather than letter or fax, so that the details can be talked over properly. Have your Visa or Access card handy when calling them on 01833-638370.

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BOOKS



"Those who are already thinking of drawing up their Christmas lists cannot do better than include 'Through the Woods', said The Bytander magazine in the 1930s. 'It is the sort of book that is bound to give pleasure to townsmen and countrymen alike.' Now H.E. Bates's classic evocation of a year in the life of an English woodland has been reprinted (Frances Lincoln £16.99, 142 pages) with Agnes Miller Parker's original 1936 wood engravings, described by Eric Gill as 'unsurpassed in our time'.

The many manifestations of the divine

This anthology will stretch the boundaries of the mind and of the soul, writes Hugh Dickinson

A tour of the local bookshops confirms an impression that spirituality is bursting out all over. It takes many forms from crop circles, Pan worship, circle dancing, lay lines, Gaia festivals and crystal gazing, to Stonehenge, the Maharishi, Vedanta, Taoism, and St John of the Cross. There are dozens of branch lines and local New Age stations along the way. Some of the more intriguing have just been mapped by the TV series, *Desperately Seeking Something*. Even a brief visit to California can uncover an astonishing bouillabaisse of

sects and covens and "churches" all sheltering under the wide umbrella of New Age. But new anthologies of the main line classic Christian mystics, Catholic, Orthodox and Protestant, as well as the spiritual masters of Sufism, Buddhism, Hinduism and Judaism are also pouring out the presses, and, one has to assume, being widely read. "Spirituality" in this massive anthology is more narrowly drawn, but even so embraces widely differing world views. The doctrinal and metaphysical systems underlying the spiritual writings of the mystics and masters of the main

stream religions are not only diverse but often mutually contradictory. Nevertheless, the personal witness of the explorers of mysticism and moral reflection in these divergent traditions does seem to point towards a convergence of experience if not of doctrine. It seems as if travellers in this clouded land come back with glimpses of a landscape the sketches of which do overlap. Cézanne's many paintings and drawing of Mont St Victoire differ dramatically, but are all of the same mountain. This huge anthology of 20th century spirituality contains excerpts from the writings of

over 150 explorers of the world of the spirit. New Age mysticism is represented, but the mainstream is Judaism and Christianity from the west and Buddhism, Sufism and Hinduism from the east. The editor herself is a Roman Catholic, so it is unsurprising that Thomas Merton and Teilhard de Char-

GOD IN ALL WORLDS: AN ANTHOLOGY OF CONTEMPORARY SPIRITUAL WRITING

edited by Lucinda Vardey

Chato and Windus £25, 377 pages

Christianity from the west and Buddhism, Sufism and Hinduism from the east. The editor herself is a Roman Catholic, so it is unsurprising that Thomas Merton and Teilhard de Char-

lin have been liberally quarried, but the spread is global and the range wonderfully diverse. Here are passages from Alan Watts (also generously quoted) on *Being A Trickster Guru*; or Raymond Smullyan's intriguing socratic dialogue between God and the mortal soul, *Is God A Taoist?* (God wins of course). Here is the Dalai Lama's own account of his discovery/selection as a little boy, Victor Frankl's record of life in a concentration camp; Gary Kowalski on the souls of animals. These are fascinating, stimulating and immediately accessi-

The man or the mask?

If any profession can be pardoned for being schizophrenic it must be acting, where a Jekyll would be a non-starter without a fair slice of Hyde in him. The essential bewilderment of the thespian unable to function without a persona, even in his private life, is a familiar phenomenon. Given that a successful actor has lost the ability to be spontaneous (the unkind might say genuine), he has to decide on which face to present as the off-duty self, the real person. These two biographies show the choices made by two actorish actors.

Knight Errant is the joint work of Sir Robert Stephens and a distinguished former theatre critic in these pages, Michael Coveney. Unlike some of his colleagues past and present, Coveney is neither a butterfly dilettante nor an academic mangle. He loves the theatre and theatricality; he loves actors. The charming introduction, full of unabashed starry-eyed enthusiasm, can stand as a memorial to Sir Robert who died shortly after its publication. There are some insights into Stephens' last great characterisations, *Leah* and *Falstaff*, but much of the book recalls the rollicking, roistering, sometimes cheeky, often indiscreet, gossip and recollection that the profession thrives on.

Was this Stephens the man, or a mask? If masks have tongues as well as cheeks, the two were firmly conjoined in such gracefully-turned compliments as his encomium of Lady Antonia Fraser as "the bible of the equine and squeak of everyday life." And by a rather touching Freudian

KNIGHT ERRANT
by Robert Stephens
with Michael Coveney
Hodder & Stoughton £18.99,
198 pages

RALPH RICHARDSON
by John Miller
Sidgwick & Jackson £16.99,
364 pages

slip Stephens calls Pam Gems' disastrous *Asm Mary* by the name of the young Maggie Smith's first West End triumph 20 years before. *Mary Mary*.

The Richardson biography is the exact opposite. This is the authorised version and the actor's emotional life is discreetly skirted. He was a very private man, but there must be some record of the grief he felt at his first wife's lingering sleeping sickness. His son Charles is fleetingly mentioned but we get no impression of the adult Richardson even having a family, apart from the loyal support of his second wife, Meriel Forbes, sounding a note of baffled normality in monomaniacally eccentric surroundings.

The book evokes Richardson's odd genius admirably. He appeared, and sounded so individual, that the spectator wondered how he would get the line out or the character created. He was his own man as much when acting as when cherishing personal privacy. The author has spoken to countless friends and colleagues: Peter Copley, Joyce Redman, Dorothy Tutin, Michael Meyer, Peter Hall, Donald Sinden, Wendy Hiller, and of course John Gielgud with whom Richardson formed such an unlikely and fruitful professional relationship.

There are signs that the famous dotiness eventually acquired an element of contrivance. "Crazy like a fox" was one American's reminder of Richardson's vagueness. And one man brought out a murderous impulse in him: Olivier bitterly resented Richardson's knighthood but in turn stole his colleague's thunder on tour in Paris, when the French cheered Larry's flashy mechanics but remained cool to Ralph's homely humanity. Back in their hotel Richardson held Olivier over the edge of a balcony, 60 feet above the cobbles, but thought better of it.

Miller's immensely readable book draws on newly available letters and diaries, though there is strangely no reference to Richardson's first person memories which I remember hearing read on the radio. Scrupulous and respectful, the biography leaves the enigma uncracked, the sphynx still secretive. Motorbike mad, with a passion for small animals, his faintly surprised air and apparent (but calculated) clumsiness, Richardson lingers in the memory as puzzlingly as Stephens' swashbuckling.

Martin Hoyle

Sweet music for the mind

Like the mills of God, Charles Rosen grinds slow but exceeding fine. It is nearly a quarter of a century since he published his award-winning *The Classical Style*. He follows it now with a breathtaking achievement: a study of the music and cultural times of Schumann, Chopin, Liszt, Mendelssohn, Berlioz, Meyerbeer and Brahms.

To describe the book as heady might give the impression that it is aimed solely at a specialist readership. The impression might be reinforced by a wealth of musical illustration and a CD tucked in the back, on which Rosen himself performs Schumann, with samples of Chopin and Liszt. But this impression is misleading. This is a book not only for experts but for amateurs of music in both senses: of lovers of music, whether or not they play an instrument; and those who think or scrape for their own amusement. It is an immensely stimulating account of the intellectual milieu of Romanticism, and it carries one deep into the musical genius of its subjects, especially Schumann and Chopin, who are the true heroes of the epoch Rosen explores.

Rosen's command of the history, literature, philosophy and art of the period is astonishing. He deploys it to make sense of the music composed in the years between the deaths of Beethoven (1827) and Chopin (1849) to extraordinary eye-and ear-opening effect. A wide range of philosophical and literary sources - Schlegel, Goethe, Coleridge, Ritter, Schopenhauer, Blake, Holderlin - are used to illuminate developments in music. Goethe's travel diaries illustrate Schubert's *Winterreise*, and discussion of language and form, together with debates about the origin of language and the



Schumann: a master of the aesthetic

Mary Evans Photo Library

idea that music was the first form of speech, provide the setting for an examination of Schumann's *Dichterliebe*.

A few examples will reveal the richness of Rosen's account. He shows how the literary idea of the fragment or aphorism was taken up in music: something complete and perfect in form, but incomplete in content, leaving unfinished business lingering on the intellect or the senses - or both. Schumann was the master of this aesthetic, and the songs of his *Dichterliebe* portray the ambiguity of beginnings and endings which bespeak a torn-from-context incompleteness. The simplest way to do this is to leave music unresolved on a dominant seventh chord, the tense, expectant sound that yearns to be brought home and released in the tonic. But Schumann was

able to impose uncertainty and irresolution even when satisfying formal requirements, for example by leaving a vocal line harmonically incomplete, with the accompaniment dying away so quietly afterwards that its classical resolution is barely audible. Schumann is evidently one of Rosen's passions, and the book opens with a discussion of his extraordinary *Opus 1*, a piece in which the melody line is silent, heard only as the shadow of an echo in the harmonies; and ends with an account of Schumann's obsession with madness. Irrationality and disturbing forces add to the energy of his music, to such an extent that it made classical forms at last untenable. In the final years of his sanity Schumann tried to undo

the daring originality of his early works, by revising them into more banal shape. Rosen shows why poetry is right to prefer Schumann's original inspirations.

The longest single stretch of the book is devoted to Chopin. Critics say that Chopin was incapable of dealing with large forms, and Schumann charged him with inability to work out his vision in acceptable musical terms. Chopin is also criticised for his salon music - "mere glitter and sentimentality" - and for "the sickness" of his personal music. Rosen leaps to his defence. The chief influences upon him were, Rosen says, the Bach and (surprisingly) Italian opera. Alleged morbidity comes to be seen as intensity of tone colour and sonority, lyricism and surprise. The claims are substantiated by a careful analysis of Chopin's writing.

Even more criticised in their day and since have been Liszt and Berlioz, the one for being cheap, tawdry and flashy, the other for being incompetent in counterpoint, harmony and form. Rosen does not deny these grave charges when justified, but perceptively defends the merits of both. Liszt is especially praised as the inventor of novel keyboard effects. One of the best things in the book is its brisk account of the fallings as well as virtues of opera in the 19th century. Opera was a highly popular art

A bourgeois page of French history

Of his defeat in last spring's presidential election, Edouard Balladur writes: "after 14 years of socialist presidency, the French wanted to turn the page. In a certain manner, I was the page."

After serving two fairly successful years as gaullist prime minister under socialist president Francois Mitterrand, Balladur blames his defeat partly on the fact that he came to be regarded just as much the incumbent as Mitterrand, and therefore an equal target for the frustrations of the French electorate.

However, he does not blame Mitterrand for his defeat. Indeed the main interest of his time in power is the remarkably smooth two-year "cohabitation" between these two men of opposing parties. True, this owed much to special circumstances and personalities: a president weakened by ill-health and by the virtual collapse of his socialist party; and a prime minister temperamentally disinclined to push policies supported by his enormous parliamentary majority to the point of conflict with Mitterrand or anyone else. They promised each other, writes Balladur, not to surprise the other with unilateral initiatives, and generally stayed out of each other's hair.

Therefore the Fifth Republic's absurd two-headed executive - created by de Gaulle, who had all a soldier's impatience with, and dislike of, politicians and political parties - functioned far better during this second cohabitation in 1993-95 than in 1986-88 when a politically and physically stronger Mitterrand and his then prime minister, Jacques Chirac, clashed repeatedly. France will surely have similar cohabitations in the future, perhaps as early as 1998 if the Socialists win the parliamentary elections and form a government under President Chirac, and the Mitterrand-Balladur era provides a guide of how political opponents can govern politely and quite effectively in tandem.

DEUX ANS A MATIGNON
by Edouard Balladur
Plon FFY 125, 273 pages

HISTOIRE INDISCRETE DES ANNEES BALLADUR
by Bernard Bruguoleix
Albin Michel FFY 98, 304 pages

carry out a few more tests, if only to get a bit more data to allow France in the future to simulate nuclear explosions in its laboratories. The president, however, claimed that back in 1992 his advisers never mentioned simulation, saying that in any case "the experts are not to be trusted". While backing Chirac's eventual resumption of testing, Balladur dismisses as wildly premature Chirac's recent talk about "Europeanising" France's nuclear deterrent.

Balladur makes much of his reforms. Some were very important. Far from wrecking Gatt in 1993, France improved it. Balladur got Europe to renegotiate Gatt in ways which seemed very awkward at the time - and of course served France's farming and film interests - but which also, in getting the US to agree to a more powerful World Trade Organisation, served a much wider interest. It was largely his Gatt record that won the

Financial Times' accolade of 1993's "Man of the Year".

In tackling health spending, too, he showed a courage that Chirac signally lacked and is now having to redress. Indeed, six months after his victory Chirac has now fully espoused Balladurian calls for public spending austerity. However, the ex-prime minister was not quite as austere as he now pretends. His 1993 pension reform left untouched France's big civil service from whom Balladur won peace, except among teachers, with fat pay rises. Reform-by-consensus, Balladur admits, has been his obsession ever since he had to deal with the unions in May 1988 at Georges Pompidou's side.

This is where the irreverent book by one of his former press aides provides a useful insight. Bernard Bruguoleix suggests that Balladur might have been less obsessed about "ne pas déchirer le tissu social" (not tearing at the fabric of society) if this grand bourgeois had known a bit more about the tissu social. But Balladur, says Bruguoleix, had to rely on "analysis and the newspapers" to gauge la France profonde that Chirac, a beer-swilling populist when need be, knew "in his guts" from years of criss-crossing from one seedy suburb or country fair after another.

But Bruguoleix, who clearly ended up preferring Chirac to his own boss, suggests Balladur and many of the bourgeois "yuppies" working for him, were simply not cut out for a modern-day political campaign. It was not so much that Balladur hated campaigning, but that he went about it like "the Queen of England". Forced, particularly in the campaign's later stages, to press the flesh, Balladur was obsessive about washing his hands afterwards. "Would it not have been better [for Balladur] to have chosen another profession?", asks Bruguoleix. He concludes Balladur's venture into high-time presidential politics was "a great misunderstanding" - not least by Balladur about himself.

A.C. Grayling

BOOKS

The many colours of history

This author helps to put race issues into perspective, argues Caryl Phillips

As Britons of all classes have become increasingly aware of the heterogeneous nature of contemporary British society, scholars and historians have begun to investigate the origins of this "mongrelisation" of the nation.

The pioneering work of Edward Scobie, James Walvin and the late Paul Edwards has been taken a stage further by writers such as Peter Fryer and David Dabydeen. Gretchen Gerzina's boldly titled *Black England* is the latest contribution to a field which is clearly a growth area within the academics of both Britain and the US. She clearly states her purpose in the opening chapter: "My task in this book is to reconstruct London, and indeed the entire country, by altering our vision."

The vision she wishes to alter is the myopic one in which Britain has only become "multi-racial" as a result of post-colonial decline and

recent immigration. To this end Gerzina chooses to focus on life before emancipation in 1833 rather than to examine the five "continuations" centuries of a black presence from Elizabethan times to the present.

This decision allows her to avoid writing a book like Peter Fryer's *Staying Power*, which has the feel of a hastily-written, although undeniably important, "sweep" across the centuries. However, by restricting the focus of the book to the period she does, she has little choice but to cover ground which has been researched in far greater detail by Walvin and Edwards. Her accounts of the lives of Gron-

nosaw, Equiano and Sancho offer no new information, nor does she give us a new reading of their individual roles in British life. More disturbing are the unsubstantiated claims, such as her assertion that, "the Prince of Wales himself had a well-to-do black friend about whom, sadly, little is known".

Where Gerzina is at her best is in the chapter about black women's lives. Entitled "What about women?" she examines the role of black women in 18th-century "Royal Masques", and follows their particular relationship with British society at large, in all its various and abusive forms, through to the prostitution and vagrancy which

characterised the plight of black women's lives in the early 19th century. Unfortunately, this is the shortest chapter in the book but the one which genuinely does break

BLACK ENGLAND
by Gretchen Gerzina

John Murray £19.99, 244 pages

new ground and introduce us to characters and events that have been excluded from the work of the male historians of the period.

Gerzina's chapter on Sharp and Mansfield, and the constitutional end of slavery, is written with a narrative zest which gives both the

characters and the story the dramatic urgency of fiction. As the story segues into the tale of the ill-fated expedition to found the country of Sierra Leone, the book develops an admirable fluency, and we read as if learning of the story for the first time.

Again, it is the women, this time the white prostitutes who were dragged with drink in England, then captured, put aboard ships and forced to marry black men, who are her most interesting characters. These women, with their new black husbands, were then transported to Sierra Leone to begin new lives. Gerzina quotes an English woman of the time, who

observed these women in Africa.

"Among the outcasts were some of our country women, decrepid with disease, and so disguised with filth and dirt, that I should never have supposed they were born white: add to this, almost naked from head to foot: in short, their appearance was such as I think would extort compassion from the most callous heart."

Gerzina's stated aim of "altering our vision" is not possible in a society that is only just accepting the current "mongrelisation", and whose sense of history remains - in the main - spotlessly homogeneous. It is well-nigh impossible to ask most Britons to believe that, as she

correctly states, the black population of at the end of the 18th century was (in terms of percentage of the overall population) as high as it is now. Gerzina presents all the evidence necessary to alter our vision, but for most Britons it will remain inconceivable that *Black England* did not begin with Trevor McDonald and Linford Christie, but with characters, male and female, who walked the streets, both high and low, of Shakespeare's England.

Gerzina's book should take its rightful place alongside the work of her predecessors. The admirable clarity of its stated purpose and the work on black women's lives before the emancipation should win it many admirers. However, the book's primary virtue is that it provides a platform on which others can build. The difficult work of altering a nation's vision requires a communal strategy, and *Black England* is an important text in this on-going struggle.

The icon of Last Chance Ranch

Jackie Wullschlager takes a new look at Bruno Bettelheim

Will Bruno Bettelheim, one of this century's most controversial psychoanalysts, go down in history as a wicked witch or as a fairy godmother? When he died in 1990, Bettelheim was acclaimed as a unique healer of emotionally disturbed children. His insight and empathy had acted like a magic wand on souls in distress, his writings on the need to find meaning in life and autonomy in the mass age were an inspiration to thousands.

Then, months later, former pupils suddenly accused him of brutal cruelty. His Orthogenic School in Chicago, with its famous ever-open candy closet, its cuddly toy presents and its ultra-liberal regime, began to be painted as the gingerbread house in *Hansel and Gretel*, outwardly tempting but sinister inside.

The language of fairy-tale is especially appropriate to Bruno Bettelheim. First, because it was his sense of the wonder of childhood that drove his work and, when communicated in books such as *Love Is Not Enough*, made attitudes to children more tolerant in our culture. Second, because the book that turned him into a bestseller and introduced psychoanalytical ideas to a new audience, *The Uses of Enchantment*, was about fairy-tales and their ability to help us through emotional dilemmas. And third, because Bettelheim's own life, in which a bourgeois Viennese lumber merchant was transformed, via the horror of the Nazi concentration camps, into a visionary psychologist, itself reads like a fabulous fairy-tale.

This excellent biography tells the story compellingly without falling victim to the image of Bettelheim as either witch or godmother. Instead, it seeks to humanise the different myths that have grown up around

the man. It begins in 1903 in Vienna, where Bettelheim was born into a wealthy Jewish family. His mother found him ugly from the start, a rejection which Nina Sutton argues stayed with him all his life, pushing him to prove himself professionally in order to overcome a poor self-image.

In his teens, Bettelheim read Freud - then living round the corner in order to impress a girlfriend, and was hooked. He went into the family lumber business, lived well, married, but suffered from chronic depression. He began psychotherapy, which was cut short in 1938 when he was deported to Dachau.

Years later, Bettelheim admitted that his time in the camps, by proving the strength of his will to sur-

BRUNO BETTELHEIM: THE OTHER SIDE OF MADNESS
by Nina Sutton
Duckworth £25, 324 pages

vive, was the only period in his life when he did not think of suicide. Released in 1939, he sailed for New York and, minutes after being reunited with his wife, was told that their marriage was over. He had lost everything and now, as Sutton shows in a brilliant chapter on the Old World meeting the New, he remade himself. "Being one of the very few who were saved when millions like oneself perished seems to entail a special obligation to justify one's luck and very existence," he wrote in *Surviving*, his account of the camps.

At Dachau, he kept sane by obsessively observing the behaviour of others; now he was driven to help those similarly incarcerated by the terror and isolation of mental illness. At the Orthogenic School - "Last Chance Ranch" - he tried to build a milieu of absolute under-

standing, the inverse of the Nazi milieu of total control and fear.

His sense of madness as part of a continuum of human experience, and his belief that by accepting disturbed children as they were, without punishment or censorship, he could gradually show them that disruptive behaviour was not the way to escape suffering, was revolutionary in the 1940s.

His genius, said a former pupil, was to "cut through the bullshit": his talent as a clinician had psychologists from round the world, including Anna Freud, queuing up to visit the school. Yet, as Sutton's carefully balanced account shows, Bettelheim was far from perfect. He was ludicrously analytical, he did not understand the meaning of the word accident, he could be farciously with his staff, he lied about his qualifications and, yes, he did slap children.

In his private life with his second wife, he was a typical pre-war Viennese husband and father, devoted, exacting and absent. As when one finishes any of Bettelheim's own books, one leaves this biography uplifted, hopeful, enriched. Like Bettelheim, it is elegant, courteous, full of Old World dignity, like Bettelheim, Sutton also allows weakness to be a part of greatness and her portrait, in its mix of affection and criticism, therefore has the ring of truth.

I suspect she is right in seeing Bettelheim as something of an icon, the victim-as-healer, "tangible proof that man's humanity has survived Nazism and that we have the right to go on living and hoping", and that the very power of that image, as well as its association with painful childhood for former pupils, set it up as an ideal to be knocked. On this reading, however, the more that is known about Bettelheim the higher his reputation is likely to stand.

Desert dreams

Christian Tyler on conquering the Taklamakan

Men used to go into the desert to confront themselves or their Maker. Charles Blackmore went into the Taklamakan in China's Xinjiang province to make his name and raise a few bob besides - such are the realities of modern exploration.

Yet the former major of the Royal Green Jackets hints at a deeper psychological motivation, something to do with the sudden death of his father at the age of 38. On the 37th day of a 60-day crossing of this fearful wilderness Blackmore sees his father's face, feels him beside and inside him, cries without shame and is greatly comforted.

The frankness of the expedition's leader at such moments, his occasional description from the top of a sand dune of the intimidating beauty of the sand ocean below, an otherwise grungy, true grit account of the first latitudinal crossing of the Taklamakan.

Although for political reasons the

Chinese had to be included, this was seen by the party as a British affair. The wonderfully named Barney White-Spunner, assisted by Lord Francis Seymour who was recruited from a Chelsea wine bar, led the support party which supplied the camel caravan at three points on its 650-mile route.

The crossing party included an

THE WORST DESERT ON EARTH
by Charles Blackmore
John Murray £16.99, 268 pages

ex-para NCO, Rupert Burton, described as "tall, strong, with an easy confident manner", and a remarkable army nurse, Carolyn Ellis, the sort of girl who does not mind digging maggots out of a camel's bum. The chase got on badly with most of the Chinese who were thought to lack spirit, but rather well with the Uighur camel drivers. Blackmore's account may not

match the lyrical enthusiasm of Sven Hedin, the great Swedish explorer who opened the dreaded Taklamakan, nor the introspective power of Wilfred Thesiger in the Empty Quarter of Arabia.

But one can forgive the dogged understatement and stilted dialogue for, even with the benefits of satellite navigation, radio telephone, six-wheeler support vehicles and possibly a helicopter rescue, this was still an extraordinary display of stamina and courage.

It so happens that Blackmore - who is now a banker - made a crucial mistake. He decided to cross from west to east against the prevailing wind. The party therefore had to march up the steep leeward faces of the sand dunes which range in height from 200ft to 1,000ft, making the task doubly difficult.

In retrospect, it was a lucky error: for no one will be able to claim the Taklamakan was conquered the easy way.



Gyaronpas tribesmen dressed for a wedding, photographed by Tiziana and Gianni Baldizzone, who retraced the journey through Tibet of a turn-of-the-century French women traveller. Alexandre David-Néel spent 18 years walking unknown routes, photographing the tribal peoples and their customs. The Baldizzone's record of their journey is published with David-Néel's own photographs and written account in *Tibet - on the Paths of the Gentleman Brigands* (Thames and Hudson £24.95, 160 pages)

Calvino's readers are luckier than those of other writers. With most authors, reading is a finite activity: there are a limited number of books to get through, and once you have, you feel that the fardier is bare - what happens now when you get hungry?

In Calvino's case, though, there always seems to be a biscuit barrel lurking in the corner. Ten years after his death, new work is still coming out: and it is impressive stuff - there is no sense with *Numbers in the Dark* an assortment of previously uncollected stories, fables, fragments of novels, dialogues and cosmological meditations, that what we are getting here are Calvino's scraps and leavings.

The book is divided into two sections, "Stories and Fables 1945-1968" and "Tales and Dialogues 1968-94", the most obvious distinction between them being that all the pieces in the first group have a discernible political point, while the second group deals with far more abstract philosophical issues; within these broad categories, though, there is a tremendous range of subjects and styles.

But the most striking thing about the collection is the continuity: over 40 years, Calvino returns again and again to the impossibility of know-

Fiction/Robert Hanks Men with a view

ledge, the gaps between how things are and how we perceive them, and between what we know and what we can say.

In "The Memoirs of Casanova" (1961), the great lover's conquests are reduced to a series of epistemic failures: he knows something about all these women, but never the whole woman. Such uncertainty is a positive thing, though. In an early sketch, "The Flash" (1945), a moment of existential incomprehension which Sartre would have recognised as "nausea" is greeted as a glimpse of "that other knowledge". The final story in the volume, "Nothing and Not Much" (1984), one of a pair narrated by the galactic being Qfwfq, deals with the birth of the universe from a vacuum, and here the point is clear: that a void is a place of infinite potential.

Calvino's writing is stunningly

clever, at times very beautiful (and beautifully translated), but it is also maddening at times: the undeniable intellectual richness not always compensating, especially in the later stories, for the sense of emotional detachment.

NUMBERS IN THE DARK
by Italo Calvino
Jonathan Cape £14.99, 300 pages

DECLARES PEREIRA
by Antonio Tabucchi
Harvill Press £9.99, 136 pages

Antonio Tabucchi is another Italian intellectual - professor of literature at Siena - and like the early stories in *Numbers in the Dark*, his novel *Declares Pereira* is set against a background of political oppression: in this case, Dr. Salazar's Por-

tugal in 1938. The novel describes how Pereira, an overweight, ageing widower who edits the culture page of a Lisbon evening paper, is pulled out of his cosy isolation and forced to choose sides: this is one sense in which Pereira declares. He also declares in the sense of making a statement: the whole book is cast in the form of a declaration by him of what has taken place, the formula "Pereira declares" occurring every few sentences and giving an odd subjective twist to the third-person narrative.

There is very little plot in the book, but that seems to be part of Tabucchi's plan. His aim is to show how political oppression works: not through dramatic incidents, but through almost unperceived changes in the order of things, which nevertheless seep into every corner of life, tainting even memories.

The evolution of Pereira's political consciousness is not always completely convincing, partly because of the way Tabucchi ties it up with ideas about the soul: possibly you need to know something about Catholic philosophy to appreciate it all. But the book works. In the end, because the wistful, courteous Pereira is such a memorable, even lovable figure, and his tone of gentle doubt is hard to get out of your head.

A guide to Wainwright

There have been few national heroes quite so curmudgeonly as Alfred Wainwright. Familiar to generations of fellwalkers through his Lakeland guides, he preferred animals to humans, read maps for pleasure and never answered the telephone at home on a point of principle. His first marriage to a local mill girl was a disaster. When one reads his thoughts on the subject one can understand why. "If there are any young fellows reading these lines, my advice is to stop around for someone with similar interests and aspirations. Women may all seem alike with a blanket over their heads, but they are not."

Hunter Davies's biography of Wainwright, who died in 1991 aged 84, largely confirms the popular impression of him as a cantanker-

ous recluse. The single-minded obsession which made his seven *Pictorial Guides* such a success made him an unbearable friend but an exemplary bureaucrat - he worked all his life in local government, serving the last 20 years as

WAINWRIGHT: THE BIOGRAPHY
by Hunter Davies
Michael Joseph £16.99, 356 pages

borough treasurer at Kendal. But the biography also contains one big surprise.

Throughout his 30 years' marriage, during which Wainwright and his wife scarcely exchanged a word, he expressed his passionate longing for an imaginary "dream girl" in his private journal. One day

an attractive 43-year-old woman called Betty McNally arrived in Wainwright's office to pay a 10 shilling fine. Wainwright was 58. He made an appointment to see her again and, on this occasion, handed her his private journal saying: "You are this girl." So began a remarkable courtship which ended with Wainwright spending the last 20 years of his life with the "girl of his dreams".

It is an extraordinary story, which Davies fills out with enough detail to satisfy even the most demanding Wainwright fanatic. He lists the prices one should expect to pay for first editions and highlights the anonymous portraits of himself which Wainwright always included in the illustrations for each guide.

Mark Archer

ARTS

Who would want to be the most famous film-maker in China? As someone said of another high-profile job - heir to the British throne - it is not so much a position, more a predicament.

Your work is scanned for political correctness. Your Oscar nominations cause war to break out between Beijing and Beverly Hills. And you cannot have a long-lasting love affair with your leading actress - the beautiful Gong Li - without being hissed by the moralists, since you are married, or mobbed by the fanzine writers, since you were once a leading actor yourself.

In Cannes this year, Zhang Yimou received a bigger shock to the system than any of these. His film *Shanghai Triad*, opening in London next Friday, had indifferent reviews: unheard-of for the man first hailed as a prodigy when *Red Sorghum* won the top prize at Berlin in 1988 and who went on to paint epic canvases of love and death in *Ju Dou* and *Raise the Red Lantern*. Later, he showed his versatility by turning his style inside out in *The Story Of Qiu Ju*, a homely tragedy of peasant life that won the Venice Golden Lion. (Both *Lantern* and *Qiu Ju* are released on video in Britain this week.)

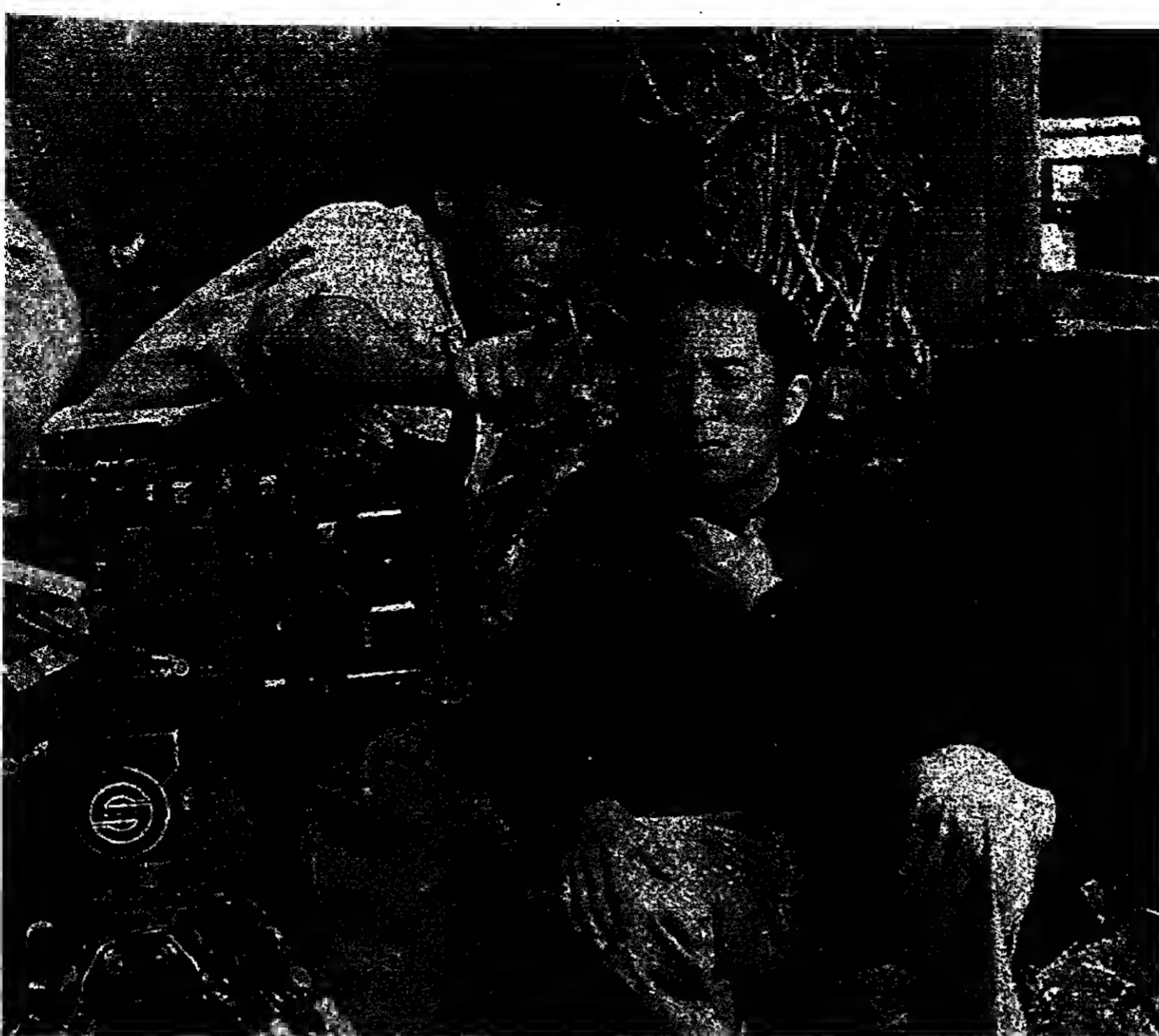
At Cannes, though, many critics said of the new film that it was "just a gangster movie". Dismissing its visual beauty and the implausible working-out of a Conradian plot about grace and doom, they talked over Zhang's squandering his talent on a seeming genre exercise: the tale of a Triad boss's songstress-moll (Gong Li) and the boy she befriends, a sort of Shanghai Billy Bathgate, who fall from favour together as bullets fly and knives flash in 1930s China.

"Our idea was never to make a regular gangster movie," says Zhang, when we met on a Cannes terrace after he had escaped a flash-bulb session with the French press. "We chose the woman and boy as lead characters because we wanted to see this society from the outside, mirrored in their faces and their feelings. We do not even show the violent acts; they happen off screen."

"The woman and boy are doomed to fail, because they cannot escape the control of the gang. These gangs were very powerful in the 1930s and much more important than just part of the criminal underworld. They were involved in politics and the economy; even Chiang Kai Shek, the Nationalist leader, was a member of one of them."

The subject and setting fascinated Zhang for two reasons. His own father had been a member of the Nationalist army, his family to a lifetime of suspicion by the communist government. Also, 1930s Shanghai was known as the "Flower Era": a heady blend of liberty and repression, new ideas and old prejudices, where personal dreams clashed with the corporate violence of crime syndicates or governments. "There are lots of similarities with present-day China. Shanghai today, like 60 years ago, is very materialistic. People are money-obsessed, are losing their morality. So the film, as well as a period piece, is a warning or critique for present society."

Given this correct-sounding agenda, why did the Chinese government harass Zhang's film, as



Every director in China has a kind of censor in his mind: Zhang Yimou, seated, on the set of 'Shanghai Triad'

Behind Chinese walls

Nigel Andrews talks to film director Zhang Yimou about his latest movie

they had notoriously done with his previous work? *Ju Dou*, *Raise the Red Lantern* and his last film *To Live* were all banned in China; and *Ju Dou* sparked the famous trans-Pacific row when China tried to withdraw it from the Best Foreign Film Oscar category.

"When *To Live* was shown at Cannes without Beijing approval and then released internationally, the government was very angry; though it was nothing to do with me, it was the distributors' decision. Even so I'm punished; and on *Shanghai Triad* they delayed six months giving me permission to shoot, even though everything was prepared and the sets were built. Also they tell us that the negative must stay in the country and the film must be called a Chinese production, even though the finance came from France."

No wonder some China observers, and insiders, feel the Cultural Revolution has never ended. In *Shanghai Triad* Zhang pulls tighter the con-

nection between pre-communist and Maoist/post-Maoist China by suggesting that the character of the boy, caught in the machinery of a repressive ruling regime, has elements of self-portraiture.

"The Cultural Revolution influenced all of us. Not just me and my generation of film-makers but the whole country. When we look back today it seems such a tragedy. It lasted ten years, from when I was 15 to 25. Fifteen is about the boy's age in *Triad*."

"But it was also a period of growing and learning, even if we didn't understand it then. When I and Chen Kaige (later director of *Farewell My Concubine*) made *Yellow Earth*, which people see as a breakthrough film in Chinese cinema, we were like poor students. We were not thinking 'We are changing the history of our cinema'."

Yellow Earth, which Chen directed and Zhang photographed in 1984, was incontestably a breakthrough - the breakthrough. It wan-

dered in remote locations not just geographically but ideologically. Set at the time of the birth of Maoism, it celebrates peasant life and individualism and it eyes with a probing scepticism the new politics, approaching like a grim distant thunder.

"We wanted to make a film different from those we grew up with and mostly hated," Zhang says. "We got very emotionally involved and did months of research into place and period. It was a time and a landscape no one had explored before. Even today I love the film very much."

But it also prepared him for the years of stand-off between himself and the authorities. Just what was Beijing's objection, I ask, to works like *Ju Dou* and *Raise the Red Lantern*? films in which political comment is oblique at best and in which the focus is surely on universal human dramas and emotions? It has to do with painting Chinese life in an unflattering light, Zhang

says. "I have never agreed with those Chinese government people who criticise my films as being all about poverty and the bad side of China. It's quite wrong. Even now with *Triad* I know I shall go back to China and get the same criticism. 'Oh you make films about us solely for foreigners!' But there are plenty of foreigners here" - waving a hand at *Le Tour du Monde* - "who don't like my film."

"Every director in China has a kind of censor inside his mind: even those independent film-makers who claim they only tell stories they want to tell. If you are to live and work in China, automatically you have that self-censorship, even before you choose a subject or write a script."

"If someone says, 'I don't care about the government, I just do what I want', this is not true. In order to survive, the best we can do is to preserve as much of ourselves as we can, however little that may be, in our work."

reminded us. Glyn Dearman's production was witty, though he made Peter Egan's first-person reader sound rather pompous. The voices of Lilliput sometimes evoked the Chipmunks, sometimes Munchkins, occasionally Smurfs and once or twice even Bluebottle from *The Goons*. It was tremendous fun.

Another classic revivified was *A Doll's House* on Radio 3. The actors unavailably sounded actorish, though their sheer quality came through. Janet McTeer disarmingly alternated breathy theatricality with spot-on accurate naturalism in a way that recalled Vanessa Redgrave and as the sardonic, morally ill Doctor Rank, Alan Howard sounded a dead ringer for Sir Ralph Richardson. The play still staggers in its observation of patronising sexual inequality. Nora's final declaration of independence still makes the scalp tingle. The production intruded only in the last few seconds. What with sombre background music and a sobbing husband, the most famous slamming door in western drama sounded no more impressive than Pat Archer throwing Tony out of the house.

Look forward with anger

A new generation of playwrights is on the attack, writes Sarah Hemming

When John Osborne died at the end of last year, he left vacant a role he had made his own. Now, after a respectful year's silence, perhaps it is time to hand on the crown. Upon whom would we now confer the title "Angry Young Man"? Where are the angry playwrights of today?

Anger, of course, is difficult to quantify. Anyone writing at the end of the 20th century, with all its ills, ought to be pretty peeved about something. But to earn the title of angry young person - or perhaps angry young person - we are talking about something a little more extreme. We are looking for plays that burn with rage, that dislodge complacency, that disturb their audiences, and for young writers who have taken the batons handed on by more recent angry men - Brecht, Barker, Bond and Berkoff - and run with them, proving that theatre can still be a radical, shocking medium.

Black Theatre Co-op's *Zumbi* made waves at the London International Festival of Theatre. It boiled up into a furious assertion of black self-determination that finished with a backdrop of a black man pointing a gun at the audience. Tracy Letts' *Killer Joe* at London's Bush Theatre offered an uncompromising look at the underbelly of modern America and ended with a terrifying bloodbath. But the place where most signs of anger were to be found this year was the Royal Court. Sarah Kane's *Blasted* and Judy Upton's *Ashes and Sand* both left their audiences reeling, suggesting that perhaps the true inheritor of John Osborne's mantle is an angry young woman.

Blasted, set in a hotel bedroom, sent war in through the door with the room service and monitored the effects. The play became a *succès de scandale* with its catalogue of horrors, which included rape, buggery, mutilation (eyeball gouging), and cannibalism. The final straw for most people came at the end, when one character, brutalised by the torture inflicted on him, sunk his teeth into a dead baby. Whether or not you consider it worked, the play was fuelled by a desperate anger about the violent world we inhabit.

"That play was inspired by Yugoslavia," says James Macdonald, who directed it. "It wasn't everybody's cup of tea, but it engaged you with the subject far more than an analytical play might have done. I found it disturbing, but the writing was wonderful. It's harder for a writer to be John Osborne now, to push against a perceived complacency. But I think writers like Kane are reacting to a new complacency and to a lack of risk-taking in theatre. We've lost the culture of protest."

While Kane sought to shock audiences into grappling with the reality of violence, Judy Upton's play dealt with a problem closer to home. *Ashes and Sand* portrayed the cold, vicious world of a teenage-girl gang in a dead-end English town. It was shocking because it portrayed the gang's violence, but it was driven by fury at the hopelessness of the girls' lives. Her new play, *Brusies*, which won the 1994 Verity Barge award, opens next week and also throws us among a group of losers meshed together by brutality and despair.

Ian Rickson, director of *Ashes and Sand*, maintains that there is a revealing difference between the anger of these young women writers and that of John Osborne. "When you think about Osborne, the anger in that play now feels very self-pitying and valueless. I think Judy Upton and Sarah Kane are driven by a much more profound moral anger. Upton is concerned about how socially deprived her characters are and her plays build to a violent release of energy that is upsetting but also purging for the audience."

It is striking that the angriest young playwrights of today seem driven not by personal but by social frustration, the most common spur to anger being an overpowering

sense of waste. This is certainly true of Irvine Welsh's *Trainspotting*, a graphic account of life for a teenage Scottish drug addict. *Trainspotting* started life as a cult novel, but it soon became a cult piece of theatre. Its anger and wild poetry is a large part of the attraction. But, as director Ian Brown points out, its stomach-churning style arose from Welsh's fury at the loss of young lives.

"When Irvine wrote *Trainspotting* he felt nobody was talking about the evils of needle-sharing and people were dying of ignorance. He was very angry about it, so it is a very moral, profoundly anti-drugs piece." The play pulls you into the dark and often degrading world of a group of addicts, bringing you face to face with gruesome physical details. Theatre, in this respect, is the angry writer's best ally; nothing else can make an audience live through the experience in quite the same way.

For many writers now, violence not only expresses anger, but is the subject of it. The young Scottish playwright Anthony Neilson caused controversy with his brutal plays *Normal* and *Penetration*. *Normal*, a play about the Düsseldorf ripper, performed at the Edinburgh Festival in 1991, remains etched on the memory because of a ghastly scene in which the murderer clubbed a woman to death. Neilson argues that this is violence used morally, rather than for effect - designed to expose gratuitous brutality. "You're

Perhaps the true inheritor of Osborne's mantle is an angry young woman

meant to feel appalled. I don't think that is offensive; I think it's offensive when you don't feel appalled by violence."

Neilson feels that his anger and that of his peers - who have only known a Conservative government - has largely to do with a sense of impotence. Now, however, he detects a shift among young writers away from numb despair, and he regards *Blasted* as a significant move forward.

"I think *Blasted* spoke for a generation which has a dulled, numb feeling - not apathy, but a feeling that nothing you do will make any difference. It expressed the feeling that horror coming into your living room is the only way you can feel something and get yourself going. I think that in-your-face theatre is coming back - and that is good."

For Paul Sirett, this explosive fusion of style and content is important, suggesting that anger has found a new outlet. A member of the Verity Barge panel, which selected Judy Upton's *Brusies* as a winner, he is also literary manager of Soho Theatre Company, and spends his working life reading new plays.

"Judy's play is written in a style that is unique to her," he says. "But it also represents something I see more and more. I think there is a Tarantino effect on the plays we receive - they're faster, edgier, more brutal, written with anger and verve. But playwrights are taking those techniques and reinventing them for stage. I think we're going to see a lot more in this vein over the next couple of years. I think there is a resurgence of anger. The younger generation of writers is not passive any more; it is on the attack."

Brusies opens at the Royal Court Theatre Upstairs on Nov 21 (0171-780 1743); *Penetration* is revived at the Tron, Glasgow from Nov 22 (0141-552 4267); *Trainspotting* is released as a film in February 1996; *Look Back In Anger* is currently at the Citizens, Glasgow until Dec 9 (0141-429 0022).

Lost tribes were the order of the week: the shy, the elusive, the suspicious, the possibly vengeful. No, not the disappearing Tory voters but a tribe rumoured to have been discovered in Papua New Guinea in a short Daily Telegraph article.

Edward Marriott was excited by the news and decided that he must meet these people in the last real wilderness, unscathed by what happens when civilisation makes its impact. *Our Father the Mountain* (Radio 4) was his account of the journey whose surreal touches recalled occasionally Frank, occasionally Waugh. To begin with, of course, who says that they were lost? As one local grumpily put it, they are aware of the outside world and know what's going on. It was extraordinary to hear how recently Europeans, believing that nobody lived in the jungle, discovered a million people there living in near-primitive age conditions. Only in the 1930s was there methodical exploration, supported by members of the "Highlands Baptist Union". The highlands are those of Papua New Guinea, not Scotland; though confu-

sion is understandable since much of the funding came, strangely, from the Canadian government.

Marriott, a likeable innocent, depended much on his interpreter, Dunstan, obviously taken aback by the distance and isolation of their route. "What would happen if I broke my leg, Dunstan?" he asked. "I'd have to carry you," replied his companion, a trifle tetchily. "I think Dunstan's angry with me for worrying all the time," the black man's burden engagingly confided to us. One noted apprehension in his voice as a bunting party cut up a pig: "A very expert butcherer's job," he opined nervously, having been warned that some tribes were even now not averse to the odd spot of human flesh.

Civilisation is creeping in. Chiefs wear zip-up nylon dresses as well as rings in their noses, warriors mark

Radio/Martin Hoyle

Innocent in the jungle

their faces with charcoal and wear women's knickers. Marriott never patronised, never pitted, though sorely tried by a Lutheran pastor called Herod who felt the explorers were letting the side down until they visited his church. Wa eavesdropped on the service, the bamboo altar draped with blood-red flowers. The hymn was sung to the tune "My Darling Clementine".

This agreeable inconsequentiality changed: the natives became suspicious. Marriott breathlessly notes that there was trouble coming: a sick child was walling, a thunderstorm brewing. And the house is on fire, he added casually.

Five villagers were killed by lightning, four of them children. Dunstan confided to Marriott what anyone might have guessed pretty sharply, that they had better leave in case the villagers blamed them

for the disaster. Herod the pastor endorsed this with the curt command "you people go"; and they left early one morning at a greater speed than they had made coming.

Marriott has learnt that the government wants to move the natives nearer an airstrip to provide those benefits it thinks they need. A gold-mining consortium has the go-ahead to move in. The Seventh Day Adventists plan to set up a rival church to Herod's. I wonder how long the tribe will maintain its faith in its real god, the mountain. Somewhere in its shadow perhaps the lost tribe still dwells. One hopes it stays in happy ignorance of its last state for a long time yet.

And what of that tribe discovered by Lemuel Gulliver after his disastrous voyage from Bristol had foundered? Lilliputians, as five 15-minute instalments on Radio 3

David Bowie began life as a performance artist, an acolyte of Lindsay Kemp, and little has changed in the past 30 years. He is still in the creating business, but these days his art is minimalist - and so is the entertainment on offer at his Wembley shows.

Bowie is currently touring to plug a new album, *Outside*, and the whole enterprise has a workmanlike, marketing feel to it. "Let me introduce the band," says Bowie, half way through his set. "None of whom have day jobs". No, but their night work is pedestrianly perfect, a tight, professional, backing band, totally without drama or showman-ship - rather like Bowie. This was pop as product, off-the-peg and suit yourself.

Bowie is a rock giant, because he has constantly created new personas for himself which touch the public nerve. But after the imaginative inspirations of the extra-terrestrial Ziggy Stardust and the manic

Pop/Antony Thornecroft

Off-the-peg Bowie

Aladdin Sane, of the early 1970s, his later self-generations have taken on the dimensions of Frankenstein, with a militaristic flirtation with the Berlin Teutonic during the Berlin years.

But all these images showed a grasp of the populist. Now Bowie seems to be selling himself as an art detective, an extension of his genuine commitment as an artist and connoisseur. *Outside* is a concept album but Bowie hugs its secret to his still slim chest, perhaps because it is too close to the mundane truth to be really interesting. There is nothing here for his audience to relate to, and those

thousands of youngish blokes that make up his gang seemed sad and disconcerted as little fiery squibs of new songs, promising much but delivering little, bombarded the Arena. It was punk without the expletives, outbursts of energy more suited for a Damien Hirst benefit than for a mass audience. Some, like "Oxford Town" touched a nerve, but this new slumped down, anastere, Bowie is hardly making pop history.

The backdrop was equally ambiguous; part surrealist, with obscure signs like "Ouvrez le chien" bursting into neon; part satirist, with redundant tables and chairs and wrapped dummies hinting

at domestic murder but not daring to be definite. You could think what you like when a sunbed of lights hovered just above Bowie's head as he rasped out "Andy Warhol"; it hardly mattered.

Few pop heroes manage to repeat their early promise. Dylan, McCartney, Simon, Jagger, all burned out creatively in their first ten years. It is the same for Bowie. You might admire him as he continues to foist his increasingly narrow perspective on the audience; but you would prefer to enjoy him. He strictly limits the old hits, although there was a nice slow version of "Man who sold the world" to remind you of his white-soul boy greatness.

He is now almost totally image, an intriguing, handsome, smart-arse, whose voice has matured into a pleasing gruffness. At least he, and the band (special acclaim for bare foot bassist Gail-Ann Dorsey) enjoyed themselves, and there was an excellent light show to remind you of past glories.

ART GALLERIES

DONALD HAMILTON FRASER RA from 18th November to 2nd December, Gallery, The High Street, Harley Winton, Hampshire. Tel: (01252) 842747.

SPINK, Paintings from studio of Douglas Samuel Gray, 2nd - 24th November, 14th Floor, 5-55, Tottenham Court Road, 5 King Street, W1P.

ROY PITLEY from 3rd until 22nd November, Century Galleries, Thames Bridge, Henley-on-Thames. Tel: (01491) 375489.

THE SCOTTISH COLLECTORS' Club, Ferguson, Hutton, People, Over 50 years now until 24th November, Colour catalogue available, Queen's Mill Fine Arts, 17 Peak Walk, Harpenden MK43 0TT 435 5482.

MAHM Exhibition of paintings by ROSITA MARLBOROUGH, 10-30 Nov, 47 Abchurch Lane, London, W1P 3SE. 0171-468 8165.

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

AUCTION

Christies Amsterdam Tel: 31-20-5755255

- The Kemper Collections of Pre-Colombian Textiles and Peruvian Colonial Pictures: textiles from the collection of Mrs Kate Kemper span the period from circa 200BC until AD1400. Highlight of the sale is a China tunica with a woven and embroidered design of birds, anthropomorphic and zoomorphic figures; 2pm; Nov 20

CONCERT

Concertgebouw Tel: 31-20-5730573

- Chor und Symphonieorchester des Mitteldeutschen Rundfunk Leipzig: with conductor Enoch zu Guttenberg, soprano Michèle Crider, mezzo-soprano Violetta Urmana, tenor Mario Meloni and bass Kurt Rydl perform Verdi's "Messa da Requiem"; 3pm; Nov 19

Koninklijk Theater Carré Tel: 31-20-6225225

- Harry Belafonte; 8.15pm; Nov 27

EXHIBITION

Beurs van Berlage Tel: 31-20-6271161

- Have a Nice Day: 100 years of Coca-Cola culture in advertising and design; from Nov 25 to Jan 28

Rijksmuseum Tel: 31-20-6732121

- De Leijde Tijd, Prinsjesdagen van 1835-1836: masterpieces of Dutch decorative arts from 1835 to 1835. In this period different styles from the past were combined, resulting in so-called "neo-styles". Later these were considered bad taste and this particular period was sometimes referred to as The Age of Ugliness. Furniture and silverware form the backbone of the exhibition; from Nov 25 to Mar 27

Stedelijk Museum Tel: 31-20-5732911

- Constant: retrospective exhibition showing paintings by the Dutch artist from his Cobra-period (1948-1951) to the present; from Nov 24 to Jan 21

ATHENS

DANCE

Athens Concert Hall Tel: 30-1-7282333

- Hamburg Ballet with conductor Markus Lehtinen and La Camerata-Orchestra of the Friends of Music perform "Odyssey", a choreography by John Neumeier on music by George Kouroupos; 8.30pm; Nov 20, 21, 23, 24, 25, 26

BERLIN

CONCERT

Deutsche Oper Berlin Tel: 49-30-3438401

- Hindemith 1895: programme of songs and texts celebrating the 100th birthday of the composer. With the Ensemble Orlando, the Seminaristen des Orchesters der Deutschen Oper Berlin and Hans Jürgen-Schatz; 8pm; Nov 20

Konzertsaal Tel: 49-30-203092100/01

- Berliner Cappella: with conductor Peter Schwarz, the Berliner Symphoniker, soprano Gabriele Nätzer, tenor Frieder Lang and bass Georg Fortüne perform Hindemith's "Das Unaufhörliche". Concert celebrating the Berliner Cappella's 50th anniversary; 8pm; Nov 19

Schauspielhaus Tel: 49-30-254880

- Alfred Brendel: the pianist performs Beethoven's sonatas op. 108, 110 and 111; 8pm; Nov 19

Staatsoper Unter den Linden Tel: 49-30-2028661

- Apropos Scheherazade: choreography by Béjart on music by Ravel, Stravinsky, Rimsky-Korsakov and traditional Iranian music. Conducted by Daniel Barenboim, costumes designed by Versace; 8pm; Nov 24, 25

OPERA & OPERETTA

Deutsche Oper Berlin Tel: 49-30-3438401

- Boris Godunov: by Mussorgsky. Conducted by Rafael Frühbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Matti Salminen and René Kollo; 8pm; Nov 22, 26

Kammersaal Tel: 49-30-202600

- Carmen: by Bizet. Conducted by Shao Shih Lu and performed by the Kammersaal; 7pm; Nov 19, 20

Las Brigadas: by Offenbach.

Conducted by Caspar Richter and performed by the Kammersaal; 7.30pm; Nov 21

Staatsoper Unter den Linden Tel: 49-30-2028661

- Der Ring des Nibelungen: Segried: by Wagner. Conducted by Daniel Barenboim, directed by Harry Kupfer and performed by the Staatsoper Unter den Linden. Soloists include Siegfried Jerusalem, Graham Clark and John Tomlinson; 4pm; Nov 19

Il Matrimonio Segreto: by Cimarosa.

Conducted by Alessandro DeMarchi and performed by the Staatsoper Unter den Linden. Soloists include Gerd Woll, Dorothea Rischmann and Laura Aikin; 7pm; Nov 20, 30

BOLOGNA

OPERA & OPERETTA



"Shoes 1985" by Lisa Milroy in the Home and Away exhibition in Liverpool

Teatro Comunale di Bologna Tel: 39-51-629999

- Wozzeck: by Berg. Conducted by Gary Bertini and performed by De Nederlandse Opera. Soloists include Jürgen Freier, Elisabeth Whitehouse, Kala Stuart, Froda Olsen and Jan Blichhof; 8.30pm; Nov 18, 21, 23, 26 (3.30pm), 28, 30 (3pm)

BONN

Oper der Stadt Bonn Tel: 49-228-7281

- Ein Sommernachtstraum: choreography by Yvonne Vámos on music by Mendelssohn, performed by the ballet of the Oper der Stadt Bonn. Shuja Oktas conducts the Orchester der Beethovenhalle Bonn; 7pm; Nov 19, 25; Dec 2

CHICAGO

Orchestra Hall Tel: 1-312-435-6666

- Chicago Symphony Orchestra: with conductor Pierre Boulez, violinists Samuel Magad and Joseph Colan, Charles Plicker on viola and cellist John Sharp perform works by R. Strauss, Davidovsky, Ravel and Scriabin; 8pm; Nov 24, 25, 28 (7.30pm)

OPERA & OPERETTA

Civic Opera House Tel: 1-312-332-2244

- André Chénier: by Giordano. Conducted by Bruno Bartoletti and performed by the Lyric Opera of Chicago. Soloists include Kristján Jóhannsson, Afrille Millo, Norma Fantini (Nov 26), Sergei Leiferkus and Jane Shuman; 7.30pm; Nov 21, 26 (2pm); Dec 1

COLOGNE

Konzertsaal Tel: 49-221-2040820

- Beaux Arts Trio: perform works by Mozart, Adolph and Schubert; 8pm; Nov 20

Musica Antiqua Köln: with conductor Horst Mehnardus, soprano Barbara Bonney and mezzo-soprano Anne Sofie von Otter perform Pergolesi's "Stabat Mater" and songs and arias by Handel; 8pm; Nov 22

Thüringen-Philharmonie Suhl: with conductor Horst Mehnardus, the Philharmonischer Chor Köln, soprano Angela Denoke, alto Alexandra Kloos, tenor Henner Leyhe, baritone Wilhelm Hartmann and bass Christoph Steffinger perform Bruckner's "Mass No. 3" and Martin's "In Terra Pax"; 11am; Nov 19

OPERA & OPERETTA

Opernhaus Tel: 49-221-2218240

- Die verkaufte Braut: by Smetana. Conducted by Erich Wildt and performed by the Oper Köln; 7.30pm; Nov 24

THEATRE

Schauspielhaus & Westend-Theater Tel: 49-221-2218400

- Der Schwan in Stücken: by Krohn. Directed by Herbert Schäfer. With Ernst-August Schepmann; 8pm; Nov 19, 20, 30

FRANKFURT AM MAIN

Städtisches Kunstinstitut Tel: 49-69-605096-115

- Wege zur Abstraktion (Roads to Abstraction): sculptures from the museum collection by artists such as Rodin, Renoir, Archipenko, Calder and Baus; from Nov 22 to Jan 28

GLASGOW

Glasgow Royal Concert Hall Tel: 44-141-3326633

- Katia & Marielle Labèque: with special guest pianist Gonzalo Rubalcaba; 7.30pm; Nov 19

The Vienna Boys Choir: perform works by Purcell, Fauré, Schubert, Holst, J. Strauss and Austrian folksongs as well as Britten's "Ceremony of Carols" and "The Golden Vanity", a one act opera in full costume especially written for the Vienna Boys Choir; 7.30pm; Nov 22

GOTHENBURG

Göteborgs Konserthus Tel: 46-31-7787800

- Doris Soffel: accompanied by pianist Bengt-Ake Lundin. The

Blakey's Jazz Messengers, Miles Davis and others, was one of the creators of Weather Report. Part of the London International Jazz Festival; 7.30pm; Nov 19

OPERA & OPERETTA

London Coliseum Tel: 44-171-8380111

- The Fairy Queen: by Purcell. Conducted by Nicholas Kok and performed by the English National Opera. Soloists include Yvonne Kenny, Janis Kelly and Mary Hegarty; 7.30pm; Nov 21, 23 (6.30pm)

Royal Opera House - Covent Garden Tel: 44-171-2401200

- Mathis der Mäler: by Hindemith. Conducted by Esa-Pekka Salonen, directed by Peter Sellars and performed by the Royal Opera. Soloists include Inga Nielsen, Christelle Orla, Wolfgang Fessler and Robert Tear; 7pm; Nov 20, 22, 28

THEATRE

The Pit Tel: 44-171-6388891

- Son of Man: by Potter. Directed by Bill Bryden and performed by the Royal Shakespeare Company, this play tells how Pontius Pilate succumbs to political pressures and silences a young Jew mercilessly; 7.15pm (matinee: Sat 2pm); to Nov 25 (Not Sun)

LOS ANGELES

Wadsworth Theater Tel: 1-310-825-2101

- The American Connection: Grammy-award winning clarinetist Richard Stoltzman and composer/pianist Lukas Foss perform works by the American composers Bernstein, Copland, Gershwin and Ives; 4pm; Nov 19

MILAN

Teatro Carcano Tel: 39-2-55181377

- Mandala: Daniel Ezralow in his own choreography, in which the dancer interacts with images on screens, monitors and a video wall. Part of the Milano Festival; 9pm; Nov 28; 3pm; from Nov 21 to Nov 26

MUNICH

Philharmonie im Gasteig Tel: 49-89-480880

- Chor und Sinfonieorchester des Mitteldeutschen Rundfunks Leipzig: with conductor Enoch zu Guttenberg, soprano Cheryl Studer, mezzo-soprano Elena Zarembo, tenor Keith Ingle-Purdy and bass Carlo Colanabro perform Verdi's "Messa da Requiem"; 8pm; Nov 26

EXHIBITION

Städtische Galerie im Lenbachhaus Tel: 49-89-23332000

- Wassily Kandinsky: exhibition of more than 600 drawings, sketches, paintings, gouaches and prints by Kandinsky, with special emphasis on the years he lived in Munich; from Nov 29 to Feb 25

OPERA & OPERETTA

Alte Residenztheater Tel: 49-89-218501

- Die Fledermaus: by Johann Strauss. Conducted by Heinrich Bender and performed by the Bayerische Staatsoper. Soloists include Frances Lucy, Anne Pallekorn, Douglas Ahlstedt, Hermann Becht and Richard Salter; 7.30pm; Nov 19, 22, 24

Nationaltheater Tel: 49-89-21851920

- Anna Bolena: by Donizetti. Conducted by Fabio Luisi and performed by the Bayerische Staatsoper. Soloists include Roberto Scanduzzi, Edita Gruberova and Vessellina Kasarova; 7pm; Nov 19

NEW YORK

Alice Tully Hall Tel: 1-212-875-5050

- Mitsuko Uchida: the pianist performs works by Schubert and Schoenberg; 2pm; Nov 19

Avery Fisher Hall Tel: 1-212-875-5030

- Itzhak Perlman: recital by the violinist, accompanied by pianist Samuel Sanders; 7.30pm; Nov 20

The Walter Reade Theater Tel: 1-212-875-5600

- De Camera of Houston: with conductor/pianist Sarah Rothenberg in the programme "Marcel Proust's Paris". Including readings from Proust's "Remembrance of Things Past", songs by Hahn, Debussy and Fauré, and works by Fauré and Franck; 7.30pm; Nov 20

EXHIBITION

The Metropolitan Museum of Art Tel: 1-212-875-5500

- Hiroshi Sugimoto: work from four series by this young Japanese photographer; from Nov 21 to Jan 14

OPERA & OPERETTA

Metropolitan Opera House Tel: 1-212-362-6000

- La fille du régiment: by Donizetti. Conducted by Edoardo Guller and performed by the Metropolitan Opera. Soloists include June Anderson, Sarah Walker and Luciano Pavarotti; 8pm; Nov 22, 28

Un ballo in maschera: by Verdi.

Conducted by Mark Elder and performed by the Metropolitan Opera. Soloists include Stefka Evtasteva (Nov 21), Dolores Zajack and Francisco Araiza; 8pm; Nov 21, 25

THEATRE

Roundabout Theatre Tel: 1-212-575-3030

- Moon Light: by Pinter. Starring Jason Roberts and Blythe Danner; Tue - Sat 8pm; Wed, Sat, Sun 2pm; to Nov 26

PARIS

Cité de la Musique Tel: 33-1 44 84 46 45

- The Indian Queen: by Purcell. Conducted by Christopher Hogwood and performed by The Academy of Ancient Music. With sopranos Sara Stowe and Catherine Bott, tenor Paul Agnew and baritone David Thomas and Paul Robinson; 7pm; Nov 24

Salle Gaveau Tel: 33-1 45 62 69 71

- Margaret Price: the soprano performs songs by Schumann, Lowe and Mahler; 8.30pm; Nov 20

Salle Pleyel Tel: 33-1 45 61 53 00

- Orchestre des Concerts Lamoureux: with conductor Yutaka Sado and pianist Koji Okawa perform Bernstein's "2 Meditations". Rachmaninov's "Piano Concerto No. 3" and Beethoven's "Symphony No. 7"; 5.45pm; Nov 19

DANCE

Opéra de Paris Bastille Tel: 33-1 44 73 13 99

- Romeo and Juliet: by Prokofiev, in a choreography by Nureyev. Performed by the Ballet de l'Opéra National de Paris; 7.30pm; Nov 20, 25, 27, 28; Dec 1

Théâtre de la Ville Tel: 33-1 42 74 22 77

- Lucinda Childs Dance Company: with Elizabeth Chojnacka on harpsichord and soprano Françoise Kubler perform choreographies by Lucinda Childs on music by Françoise-Bernard Mache, Zygmunt Krauze, Henryk Gorecki and Stephen Montague. Part of the Festival d'Automne; 8.30pm; Nov 21, 22, 23, 24, 25

ROME

Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064

- Orchestra dell'Accademia di Santa Cecilia: with conductor Christian Thielemann, soprano Sumi Jo, alt Monica Bacelli, tenor Laurence Dale and bass Roland Schuberth perform Mozart's "Symphony No. 29" and "Requiem Mass"; 5.30pm; Nov 19, 20 (9pm), 21 (7.30pm)

Orchestra dell'Accademia di Santa Cecilia: with conductor Christian Thielemann and pianist Lars Vogt perform works by Martucci, Beethoven and Schumann; 7pm; Nov 25, 26 (5.30pm), 27 (9pm), 28 (7.30pm)

SALZBURG

Rupertinum - Salzburger Landeskammeroper Tel: 43-662-80422336

- Oskar Kokoschka: exhibition of preliminary sketches that Kokoschka (1886-1980) made for his 18 lithographs based on Shakespeare's drama "King Lear" (1963); from Nov 23 to Jan 28

SAN FRANCISCO

Davies Symphony Hall Tel: 415-956-6000

- San Francisco Symphony: with conductor Herbert Blomstedt and violinist Pamela Frank perform Sibelius' "En Suga", Dvořák's "Violin Concerto in A minor" and Hindemith's "Die Harmonie der Welt"; 8pm; Nov 22, 24, 25

STOCKHOLM

Konserthuset Tel: 46-8-7860200

- Hilliard Ensemble and Vard Arvo Part with soprano Sarah Leonard, trombonist Christian Lindberg and pianist Luca Negro perform Part's "Missa Symblica". Part of the Partifestival; 11am; Nov 19

Stockholms Kammarorkester: with conductor Vladimir Poonkin, violinists Tale Olsson and Patrik Swedrup, and trombonist Christian Lindberg perform Part's "Tabula Rasa". Part of the Partifestival; 8pm; Nov 19

STRASSBOURG

Palais de la Musique et des Congrès Tel: 33-83 37 67 67

- Porgy and Bess: by Gershwin. Performed by the New York Harlem Theatre; 8.30pm; Nov 20

THEATRE

Théâtre National de Strasbourg Tel: 33-83 52 17 63

- Voyage à l'intérieur de la tristesse: by Fassbinder/Martini. Performed by the Théâtre National de Strasbourg; 8pm; Nov 25

VIENNA

Konserthaus Tel: 43-1-7121211

- Musik für die linke Hand allein: pianist Hans Kamm performs works by C.P.E. Bach, Salieri-Salieri, Regor, Scriabin and Bartók; 0.30pm; Nov 22

OPERA & OPERETTA

Wiener Staatsoper Tel: 43-1-514442960

- Fedora: by Giordano. Conducted by Fabio Luisi and performed by the Wiener Staatsoper. Soloists include Mara Zampieri, Simina Ivan, Luis Lima and Jean-Luc Chaignaud; 8pm; Nov 21

WASHINGTON

Arthur M. Sackler Gallery Tel: 1-202-357-2700

- Traders and Raiders on China's Northern Frontier: exhibition reflecting the flourishing contacts and complex inter-relationships between China and its northern neighbours in the first millennium BC. Visitors see a selection of about 100 belt plaques, buckles, chariot and harness fittings, weapons, tools and vessels made of gilded, tinne or inlaid bronze, as well as cast gold and silver from China and the northern region; from Nov 19 to Sep 2

ZURICH

OPERA & OPERETTA

Opernhaus Zürich Tel: 41-1-268 6688

- L'Anima del Filosofo: by Haydn. Conducted by Adam Fischer and performed by the Oper Zürich. Soloists include Eva Mei, Roberto Sacca, and Malin Hartelius; 8pm; Nov 19

Listing compiled and supplied by ArtBase The International Arts Database, Amsterdam, The Netherlands. Tel: 31 20 684 6441.

CHESS

Garry Kasparov fought off more challengers this week when he won the Intel world grand prize, adding another \$125,000 to the wealth he claims will aid his ambition to become the next-but-one Russian president.

The grand prize is a series of speed chess (50-minute games) knock-outs staged in Moscow, New York, London and Paris. In 1994 Kasparov tied with Vladimir Kramnik, the 20-year-old he predicts as his successor; this week, the champion beat Kramnik 2-1½ in the final. In round one, Kasparov met Alex Morozevich, the 18-year-old whose speciality is to revive old-style openings. Here, the teenager tries a knight offer favoured at London coffee houses 150 years ago.

A. Morozevich, White; G. Kasparov, Black; King's Gambit. 1 e4 e5 2 f4 exf3 3 Nf3 d5 4 g4 5 Nf5 6 Nf6 7 Nxf7 8 Nf5 9 Nf6 10 Nf7 11 Nf8 12 Nf9 13 Nf10 14 Nf11 15 Nf12 16 Nf13 17 Nf14 18 Nf15 19 Nf16 20 Nf17 21 Nf18 22 Nf19 23 Nf20 24 Nf21 25 Nf22 26 Nf23 27 Nf24 28 Nf25 29 Nf26 30 Nf27 31 Nf28 32 Nf29 33 Nf30 34 Nf31 35 Nf32 36 Nf33 37 Nf34 38 Nf35 39 Nf36 40 Nf37 41 Nf38 42 Nf39 43 Nf40 44 Nf41 45 Nf42 46 Nf43 47 Nf44 48 Nf45 49 Nf46 50 Nf47 51 Nf48 52 Nf49 53 Nf50 54 Nf51 55 Nf52 56 Nf53 57 Nf54 58 Nf55 59 Nf56 60 Nf57 61 Nf58 62 Nf59 63 Nf60 64 Nf61 65 Nf62 66 Nf63 67 Nf64 68 Nf65 69 Nf66 70 Nf67 71 Nf68 72 Nf69 73 Nf70 74 Nf71 75 Nf72 76 Nf73 77 Nf74 78 Nf75 79 Nf76 80 Nf77 81 Nf78 82 Nf79 83 Nf80 84 Nf81 85 Nf82 86 Nf83 87 Nf84 88 Nf85 89 Nf86 90 Nf87 91 Nf88 92 Nf89 93 Nf90 94 Nf91 95 Nf92 96 Nf93 97 Nf94 98 Nf95 99 Nf96 100 Nf97 101 Nf98 102 Nf99 103 Nf100 104 Nf101 105 Nf102 106 Nf103 107 Nf104 108 Nf105 109 Nf106 110 Nf107 111 Nf108 112 Nf109 113 Nf110 114 Nf111 115 Nf112 116 Nf113 117 Nf114 118 Nf115 119 Nf116 120 Nf117 121 Nf118 122 Nf119 123 Nf120 124 Nf121 125 Nf122 126 Nf123 127 Nf124 128 Nf125 129 Nf126 130 Nf127 131 Nf128 132 Nf129 133 Nf130 134 Nf131 135 Nf132 136 Nf133 137 Nf134 138 Nf135 139 Nf140



James Morgan

The currency trick that got away

Germany's inflexible principles are still stifling real debate in the country after all these years

In a desperate attempt to avoid total inaction, the German Social Democratic party (SPD), laughingly known as the opposition, decided this month to argue with the government over something important.

Rows over important issues are banned in Germany because in the past they led to such phenomena as the Thirty Years War and the Third Reich. The country can be given by force debate from time to time but only on such matters as shop opening hours or crucifixes in schools.

Then the SPD took up an issue which had set ordinary people against the government. The novel tactic outraged the political establishment, for the party's boss, Rudolf Scharping, had said, in effect,

that he did not think the D-Mark should be given up for what he called "irresponsible ideas". This has been variously translated as some idea or other, or any old idea. You get the gist. The "idea" in this case is the single currency. Pride in the D-Mark is the one patriotic cause that unites all Germans and Scharping was playing on it.

Abandoning the DM for a Euro-something was always going to cause alarm. So top people decreed it could not be discussed. At least not by the hot poll. Only the raffish *Bild-Zeitung* ever attacked the single currency, and then only occasionally. The broadcast media never saw it as a topic for polite discussion. It could be raised by educated individuals in heavier papers, rather in the way

four-letter words might appear in a posh newspaper in the Anglo-Saxon world where the proletariat has to make do with asterisks.

When the Social Democrats mentioned the dreaded DM-word, the reaction was swift and violent. It was as if in 1900 a British officer had been told to go and fight for Queen and country in the South African war and had replied that he was not going to risk his life for some old woman and a dreary little island. The single currency, said the establishment, was not "any old idea".

But there were discussions. The *Süddeutsche Zeitung* kindly allowed that the single currency was worth a debate. Not, let it be said, because the people were against it, but because the legal

position was not quite clear.

The papers divided neatly between those who thought that the SPD was falling into *Deutsche-mark-liberal-alle* nationalism and those who thought that questioning the single currency did not necessarily make one a Nazi.

To the elite, the single currency represents civilisation, a European Germany and the new century. The two-thirds of the German people who do not like it would just have to be won over as they were in 1948 when another currency reform was forced on them.

One might have thought that the SPD would have pressed home its advantage. It had the government on the run, had adopted a popular cause and seemed about to win the round if not the match. Instead the

party was appalled by the row it had unleashed. And it was appalled for reasons which reflect on the unchanging nature of German political responses.

The adoption of an anti single currency policy was, said critics, against the party's principles. The idea of giving up a principle for cheap electoral advantage was totally abhorrent, so the party fell back into bitter internal wrangling and left the country once again laughing with contempt.

Even after 50 years the Germans have failed to recognise that sticking to principles is inimical to the proper functioning of democratic politics. The disasters that they have in the past inflicted on themselves and the world have all had their roots in inflexible principles.

Democratic politics work through the inconsistency the world knows as flexibility. British Conservatives espouse brutal nationalism and free trade in the same breath. French Gaullists even now see submission to German goals and self-assertion as the twin pillars of national policy.

A political party must be no more consistent than the voters it strives to attract. But the SPD split over an election-winning tactic because it could not reconcile hostility to the single currency with its tradition of internationalism and support for the single currency. If it cannot pull off a trick like that it does not deserve to win elections.

James Morgan is economics correspondent of the BBC World Service.

Peter Aspden

When life is just too short



Like thousands of Sunday morning footballers all over the country, my team-mates and I stood in solemn silence for a full minute before we started our game on Remembrance Sunday.

It has a curious effect: at the time when the adrenalin is meant to be pumping, or at least trickling with rather more insistence than usual, you are asked to put your nervous energy to one side and undertake a moment of quite profound reflection.

Indeed, one can take this minute of silence too seriously. If one really stops to think about war, death, the sacrifices and pain experienced by millions in the name of their country, a kind of melancholy inertia sets into your body, just as your muscles should be twitching with eager anticipation. Come the referee's whistle to start the match, you are in no shape to start tugging shirts, elbowing opponents in the throat or flying in with waist-high tackles. It just does not seem like fun.

It was this rather lame excuse I offered a team-mate as I waited ineffectually in the opening minutes of our latest skirmish. I had actually been prompted by our minute of silence to recall the beautiful George Eliot quote, the one about hearing the grass grow and dying from the roar which lies on the other side of silence; but time had moved on, the minute was over. My team-mate was singularly unimpressed. We were back in aggressive, take-no-prisoners mode. No time to think. Run, move the ball, run again.

In fact, the sports ground is the

What could we do? Switch our engines off in some kind of eco-tribute? Or stood on a traffic cone and saluted?

perfect context in which to pay tribute to the fallen and the wounded (though probably not to quote George Eliot). The minute's silence of respect which precedes an important match in a packed stadium has a uniquely eerie stillness. The colours are out, the banners unfurled but all is calm. It actually feels like time has chosen to pause in recollected tranquillity. On the pitch, heroic figures stand with puffed chests but bowed heads, a poignant mix of pride and humility.

Try as it might, a church, or any place of religious worship, cannot reproduce the intensity of this feeling. A church is built for silence, for reflection, for spirituality, its expressed purpose is to enable one to take stock, to shed the irritating flotsam of material concern. In church, a minute's silence is neither here nor there, adding comfortably with the assorted prayers, chants and exhortations to make us better human beings.

But the sports stadium is a festival arena, a place of mighty passions and uncoloured hostilities; above all, a place of noise. To be asked collectively to suspend those festivities, to be one of 40,000 people paying silent tribute to the dead of two world wars, or the dead of Haysel and Hillsborough, or the early death of a former player from cancer, can be extraordinarily moving. The match which follows is never quite the same.

It was in this spirit, no doubt, that The Sun spent the weeks leading up to Remembrance Sunday asking people to put aside whatever they were doing on the "11th hour of the 11th day of the 11th month" and observe a two-minute silence. It was a nice little idea, championed by a sprinkling of celebrities and even some companies (the fast food chain McDonald's, for example), but doomed to fail.

It is all very well suspending the start of a football game, but putting life to one side is a different matter altogether. I had personally forgotten all about the campaign on Saturday, and found myself in a traffic jam. I was still, and very thick with belching exhausts and a sea of pallid faces, racked with angst, was all around me. Remembrance? What could we have done, switched our engines off in some kind of eco-tribute? Stood on a traffic cone and saluted?

Modern urban life, frenetic, trashy, compulsive, cannot afford its minutes of McSilence. Too much to do, too little time to do it: that has become our self-important mantra. Most of us seem happy to remember the dead vicariously, watching snatches of the Queen on television laying wreaths, the same as she did last year, and the year before that. It is no remembrance at all.

Interview

A German standard bearer for Islam

After being awarded Germany's most prestigious book prize, Annemarie Schimmel caused a storm over Salman Rushdie. Judy Dempsey met her

Every morning, before 10am, a frail elderly lady descends two flights of bare wooden stairs to answer the door. The first call is usually from the postman delivering a pile of letters. The second call is also the post. This time with books. Sometimes the big parcels are too heavy for the lady to carry. Often, she has to break open the parcel and carry the books up in two lots.

Professor Annemarie Schimmel, aged 73, and winner of this year's *Friedenspreis*, Germany's most prestigious book prize which is awarded annually during the Frankfurt Book Fair, is loath to install an electronic system to screen callers or open the door. "My landlady is rather strict," she said, as she returned upstairs to her apartment.

And she is just as reluctant to employ a secretary or assistant, in spite of the amount of mail she has to answer, the number of visitors who call, and the amount of research, lecturing and writing she continues to do.

"I am a one-woman person," said Schimmel, as she sat down in her Bonn apartment which is decorated with her first love and work - Islamic art and calligraphy.

The floors are covered with Persian rugs, the walls with fine Islamic drawings and paintings, the shelves with books and manuscripts in Arabic, Turkish, Urdu and the main European languages. The tables with beautiful porcelain cats.

There seems little to disturb this very personal world of Islam to which Schimmel has devoted her life since the age of 15, when in the 1930s she first learned Arabic, later becoming the youngest student of her subject - Turkish and Islamic art - to gain her doctorate at the age of 19.

Yet it was her views of the Islamic world which caused an extraordinary controversy in Germany in the run-up to her being awarded the *Friedenspreis* last month.

When it was announced that Schimmel was going to receive this coveted prize, the media sought her views on many aspects of Islam. But the one which caused the greatest sensation was her remark about Salman Rushdie, the British author who several years ago was condemned to die by the late Ayatollah Khomeini because of his views on Mohammed and Islam expressed in his novel *The Satanic Verses*.

Schimmel closes her eyes when she recalls what she said about Rushdie. "I said I could understand why Muslims would be against Rushdie. I never said I supported the *fatwah*. My remarks were misinterpreted," she said. "Rushdie belongs to this [Muslim] culture. He should have been aware of the repercussions. I do not know how many were killed for the sake of defending Islam or defending Rushdie. What I am trying to say is

that the general public is not aware of the *fatwah* and only of Islamic culture and its way of life," she added.

During the summer, Schimmel was inundated with telephone calls, faxes and letters, and was the subject of endless debates in the German media, many challenging her credentials as a worthy recipient of the *Friedenspreis*.

"It was like a witch-hunt. Like I was being flayed alive. I was very miserable. It was a no-win situation. I would have had a nervous breakdown. But then the tide turned. I slowly got support. For me, the prize is a recognition of my work - work which was always an attempt to explain Islam to the western world."

That work encompasses almost all of Schimmel's life. As Berlin was being bombed by the Allies during 1943 and onwards, Schimmel, then aged 21, was employed to translate Middle Eastern languages. "It was better than being drafted into the army," she said. When the

'What I am trying to say is that the general public is only aware of the *fatwah* and not of Islamic culture and its way of life'

war ended, she was interned by the Americans and began teaching Arabic as soon as they had learned of her linguistic skills.

In the late 1940s, she taught history of religion at the university of Marburg, at the university of Ankara during the 1950s and in Bonn during the 1960s. The following two decades she was professor of Indo-Muslim Culture at Harvard, travelling at any opportunity in the Muslim world. It has been a life soaked in Islamic culture, a culture which she defends vehemently, often reluctant to question rulers such as General Zia-ul-Haq of Pakistan.

"There were some good aspects to Zia-ul-Haq. But am I a traitor to democracy if I have dinner with him? Do I always have to qualify everything I write and every person I meet?"

Her lifelong engagement with Islam and Sufism, a mystical movement which had arisen within Islam in the 8th and 9th century, has in many ways deepened Schimmel's sense of allegiance to that world coupled with a sense of disappointment with the west's perception of Islam.

For her, the Rushdie controversy serves as a good example of the west's sometimes distorted view of the Muslim world. "It is as if the

west keeps trying to impose its values on the Muslim world other than considering some of the other qualities of that tradition," she said.

But isn't that world of Islam itself facing a conflict between secularism and religion?

Yes, I think so. This conflict between secularism, whether influenced by western values or not, and Islamic culture is becoming more polarised. One of the problems with fundamentalism is that some people try to use Islam in a wrong way, to find their identity by going back to their roots.

Is this leading to a kind of intolerance as we have seen with the reaction to Rushdie?



Controversial winner: Annemarie Schimmel defends Islam's democratic traditions

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Is this leading to a kind of intolerance as we have seen with the reaction to Rushdie?

Yes, but we can't make generalisations. We should appreciate Islamic culture and not impose our western values on it."

Even if our own values are based on respect for one's opinions and tolerance?

Yes, but we should nurture the democratic roots of Islam instead of believing we can impose outside

concentration camps in north-west Bosnia, it captured the most harrowing, true images of skeletal prisoners behind barbed wire fences. And there was, duly, a vociferous public demand for intervention. The upshot was that something was done: the government sent British ground troops to escort humanitarian convoys. And it was arguably the case that this action was ultimately damaging to the inmates of the camps, in providing the British with a reason for maintaining the arms embargo on the Bosnian government.

My own experience of the war has been that television is woefully inadequate to depict the systematic ugliness of it all, in spite of the Boy's Own machismo of some of the (male) reporters. The personal accounts of Bosnians who were

released from camps such as Trnopolje, Manjaca and Omarska were more harrowing than anything that we saw on ITN. But none of the things they talked about would have been fit for television, even under Bell's rules.

The electrocution of prisoners, the rape of young girls, the bugery, under duress, of men by their own brothers; much of this was not fit for print, still less for rehearsal on television. The most traumatic episodes of ethnic cleansing in 1992 happened in areas which were sealed off by roadblocks and with no telephone communication.

Perhaps the examination of bodies, under United Nations and television supervision, from the mass graves identified in the area round the town of Srebrenica Most will make up for that reticence.

There is, of course, nothing new about the business of glamorising war.

Rupert Brooke presented the idealistic, ardent ideal of the self-sacrifice of the Great War, while Wilfred Owen, Robert Graves and Erich Maria Remarque gave us the horror, the waste, the sordid and disgusting fate of men who went miserably to their horrible end on barbed wire. That conflict, really, was sanitised and censored in the loyal home press.

The coverage of war in art is perhaps a lesson to Bell. Goya shows us the vulnerability of prisoners standing, arms raised, before a firing squad and the pity and the terror of it could not be greater if the consequences of the execution were graphically shown.

Visual images are powerful in their effect; over-used they can actually blunt our sensibility. What we need in war is not so much a succession of real and horrific images, as an understanding of why we got to this point and how to avoid the same mistakes again.

Truth of the Matter / Melanie McDonagh

War sense and sensibilities

Martin Bell, the BBC correspondent, is generally treated with respect, indeed deference, on account of his 33 years of service with the corporation.

His rather worried face, very British diction and air of urgency have become inextricably associated with many people's minds with the conflict in former Yugoslavia, on which he has reported since 1991. When Bell takes the BBC to task, at a conference of news organisations, over its prurience in televising conflicts he is bound to create a stir.

He is concerned that, in effect, the corporation's refusal to show bloodied bodies on its news bulletins sanitises war. "We show the soldiers blazing away in the ruins - what we call the 'bang bang' - we do not show what is happening at the other end. This has the effect of glamorising and prettying war and makes it seem like an acceptable way of settling disputes."

Bell's criticism has been taken up by other television men. Sandy Gall, another veteran television

war correspondent, recalls: "Reporting from Vietnam in the 1960s and 70s, I always tried to provide an honest, unvarnished account of what was actually happening. That meant, inevitably, bodies on the screen... We tried not to overdo the bodies because we knew it would be counter-productive. But sometimes, inevitably, editors sitting in London would think that we had gone too far, and would want to tone down the more violent sequences on the ground that too much blood and guts would alienate the audience and make them switch off."

Such criticisms are worth pondering. In former Yugoslavia, television and photo-journalists are brutally frank. I remember seeing one Croatian newspaper showing hens pecking through the brains of a

man lying dead on the ground. It was inconceivable that such a photograph could have been shown in a British newspaper.

Of course, the BBC could show the human consequences of the bang-bang. The trouble is, such images stir horror and revulsion; whether they actually contribute to a greater understanding of the nature of the war and its causes is another matter. And although they will make people care more about the conflict, bloody pictures do not make for informed debate.

There is a strong case that the BBC's much-praised documentary series, *The Death of Yugoslavia*, did more to illumine the causes of the war and to identify those responsible for it than any of Bell's concerned here-and-now dispatches.

When ITN went into the Serb-run

Weekend Investor

Wall Street

Just a little local difficulty in Washington

Unworried dealers are taking the budget battle in their stride, says Maggie Urry

The Emma Lazarus verse inscribed on the base of the Statue of Liberty reads: "Bring me your tired, your poor, your huddled masses yearning to breathe free." This week, it should have added: "But don't come now, we're closed."

That has been the case since Tuesday's partial government shutdown, and tourists in New York may have found it somewhat inconvenient. But across the harbour in downtown Manhattan, where the masses of Wall Street traders huddle, the budget battle in Washington has caused barely a ripple.

Once the threat of government default was lifted on Wednesday, the bond market could relax. Meanwhile, the stock market has raced to new highs, breaking through 4,900 on Wednesday. By Thursday night, it was threatening to crack 5,000 on the Dow Jones Industrial Average.

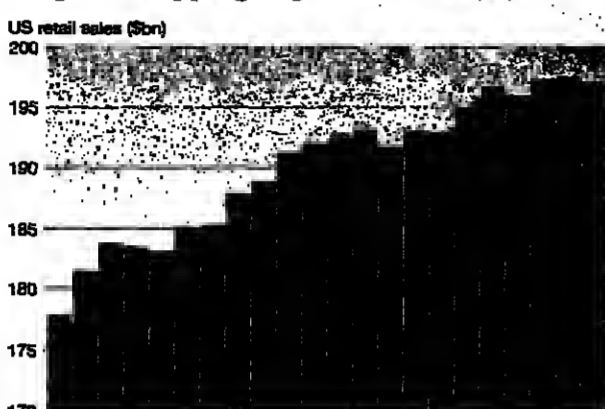
Even so, the week's political events have been gripping. Monday night saw the expiry of the "continuing resolution" which had allowed the government to keep going in the absence of budget legislation. On Tuesday morning, 800,000 non-essential civil servants were sent home from work.

Wednesday's crisis was over the debt ceiling. Payments due, including \$25bn of interest on the national debt, would have broken the \$4,900bn limit on borrowing. After all the fuss he had made about a possible default, Treasury secretary Robert Rubin simply dipped his hand into the civil servants' pension fund and pulled out enough cash to keep the government running at its semi-closed rate for six weeks.

The political wrangling would be farcical if it were not for the effect on ordinary people, such as those finding they cannot claim social security. Every day or so, the Republican-controlled Congress passes another budget bill and sends it to the White House. Just as regularly the Democrat President then vetoes the legislation.

How will it end? Perhaps opinion polls showing that voters are getting fed up will persuade politicians, especially those seeking presidential nominations for next year's election, to stop. Or it might be that the to-ing and fro-ing will go on until the financial markets do begin to get worried.

Only 37 shopping days till Christmas



Source: FT Est

At present, they are betting that the Republicans will prevail and that the budget will be heading towards equilibrium in seven years, bringing tax cuts as well. That outcome would be particularly bullish for the markets.

Many companies have made the most of a side benefit from the shutdown. Fees for filing registration statements with the Securities and Exchange Commission fell sharply when the continuing resolution ended. On Tuesday, there was a flood of filings of shelf issues - where the issuer does not plan to proceed immediately - to take advantage of the lower fees, and the SEC has already lost tens of millions of dollars as a result.

There could be another beneficiary of the shut-down. With thousands of civil servants having an enforced holiday, shopping malls in Washington are heaving with shoppers. That would be welcome news to retailers who have been hit by recent consumer spending. Another source of happiness for them is the early arrival of wintry weather, which is driving people to buy coats, hats and gloves.

Traditionally, next week's Thanksgiving holiday heralds the start of the Christmas shopping season which is critical to the profits of most retailers. This week has brought poor earnings' news from many of the leading retail groups, which were reporting on the three months to the end of October. They coincided with retail sales figures for October which showed a dip in spending. High levels of consumer debt may be deterring shoppers.

Even Wal-Mart, the largest and fastest growing retailer in the world, admitted its third-quarter numbers were not up to its usual performance. Others like Woolworth, J.C. Penney, Dayton Hudson and The Limited reported lower earnings, blaming a highly competitive trading background and promotional activity. As for Kmart, the discounter, it plunged into losses in the third quarter as it managed to sell stock only by slashing prices.

A survey of shoppers by America's Research Group found that 60 per cent aim to spend less on presents this year than last, and nearly three-quarters expect shops to slash prices before Christmas day. That probably explains why more than 80 per cent of people have not started buying gifts yet.

But since statistics can prove anything, another survey - this done by the National Retail Federation - found that 60 per cent of people meant to spend the same or more this year. It argued that consumers had held back on spending in the autumn to save for Christmas.

And, finally, the latest on Netscape. The Internet software producer, which floated in August at \$38 and was trading yesterday around \$107, announced a two-for-one stock split this week to bring its share price back into earth's atmosphere.

Dow Jones Ind Average		
Monday	4,872.90	+2.53
Tuesday	4,871.81	-1.09
Wednesday	4,922.75	+50.94
Thursday	4,998.36	+46.61
Friday		

London

Footsie flies up, up and away

Philip Coggan surveys a bullish week for UK shares

With one bound, Footsie was free. After being stuck in a range of 3,450 and 3,600 since the start of August, the FT-SE 100 index surged to an all-time high of 3,610.8 on Thursday night.

Two factors liberated Footsie from its chains. The first, once again, was Wall Street where the Dow Jones Industrial Average swept past the 4,900 level, gaining almost 100 points in two days. Strong US Treasury bonds were fuelling the Dow's rise, helped by weak economic data and hopes of a resolution to the budget dispute.

Meanwhile, economic data in the UK were raising hopes that Kenneth Clarke, the chancellor, might manage to cut interest rates as well as taxes when he delivers his Budget at the end of the month.

The sharp fall in the annual rate of headline inflation from 3.9 to 3.2 per cent in October was obviously good news. A drop in insurance premiums,

combined with a reduction in housing costs (a mortgage rate increase in October 1994 dropped out of the annual comparison) helped produce the decline. But the underlying rate, which excludes mortgage interest payments, remains, at 2.9 per cent, outside the 1.25 per cent target range for which the government is aiming by the end of this parliament. It remains to be seen whether Eddie George, the governor of the Bank of England, is convinced that an interest rate reduction is justified.

If Clarke does push for a rate cut, he will be able to cite signs of a slowing economy. Unemployment rose in October, although it is necessary to be slightly cautious about interpreting this number. The actual number of jobless people fell by 80,000 last month but the process of seasonal adjustment, designed to reflect the return of students to the jobs market, revised this fall away.

October also saw a drop in

retail sales of 0.1 per cent, thanks partly to the mild weather which dissuaded consumers from buying winter clothing. These official figures were at odds with the Confederation of British Industry's distributive trades survey which painted a relatively buoyant picture.

On the tax front, the good news for the chancellor came in the form of a £1.3bn fiscal surplus in October, thanks to healthy corporation tax receipts. This might give him more scope to cut taxes, although the full-year public sector borrowing requirement still seems certain to overshoot the Treasury forecast of £23.5bn.

But the prospect of tax and interest rate cuts should be positive for consumer spending, the economy, and the Conservative party's election chances. It was certainly bullish for UK shares.

"We remain of the view that the economy will experience a substantial pick-up in activity



With a bound, Footsie escaped the 3,450 to 3,600 range

next year, with a 3.25 per cent increase in GDP being led by a similar increase in consumer spending," says Richard Jeffrey, Charterhouse group economist.

"On the back of this," adds Jeffrey, "profits should rise by an average 15 per cent and possibly by as much as 20 per cent in the manufacturing sector. The equity market has still to take such progress on board, suggesting that more headway can be made this year."

Glits were also buoyed by the inflation and PSBR data, and the yield on the benchmark 10-year fell to 7.69 per cent on Thursday, its lowest level of the year to date. That allowed shares to rise without making the yield ratio (the relationship between bond and equity returns) look too pricey.

A positive aspect of the equity market's rise was that it was based broadly. The FT-SE-A All-Share index had previously failed to keep pace with Footsie but it reached an all-time high on Thursday, beating its February 1994 peak for the first time.

Last Friday, the 10-day average of advancing stocks outpaced declining stocks for the first time since September 20. The number of stocks reaching new 1995 highs hit 173 on Thursday, its highest level since September although well down on the 485 recorded last May.

Robin Griffiths, chief technical analyst at broker James Capel, says the present market upturn will last until the day after the Budget, with a further 50 or even 100 points to go. He then believes it will drop back until Christmas before beginning a rally which

will take Footsie to 4,000 by the spring.

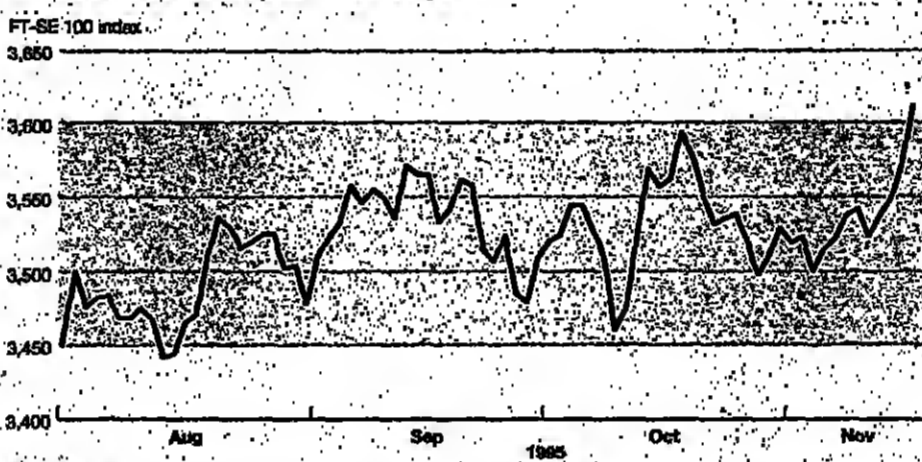
Longer term, Griffiths says the Christmas-to-spring 1996 rally will be the second leg in a bull market that began last March; the third leg will end some time early in 1997. One factor in favour of a continuing bull market is global liquidity. With interest rates falling round the world - there were cuts in France and the Netherlands this week, Germany and the US may soon follow suit, and Japanese rates can hardly get any lower - there is lots of cheap money sloshing into bonds and equities.

In the short term, liquidity tends to overwhelm such factors as corporate earnings. This week, there were warnings from such substantial companies as BICC and Anglo Wiggins Appleton. The four-week average of the dividend index, this column's indicator of corporate sentiment, climbed back over 50 per cent but is still well below its highs for the year.

Liquidity also helps to produce takeover fever, of which the latest example this week was the revival of rumours surrounding Zeneca, the pharmaceuticals group.

The market seems deaf to arguments that Zeneca is too big a morsel for any likely predator to swallow, or that the present management is running the company as well as can be expected; once such rumours start, the shares tend to keep moving ahead. Perhaps such speculative buns are the sign that the UK really is in a bull market.

Footsie breaks free of the range



Source: FT Est

Highlights of the week

	Price	Change	1995	1995	
	Ytd	on week	High	Low	
FT-SE 100 Index	3609.2	+55.8	3610.8	2954.2	Lower interest rate hopes
FT-SE 100 Index	3609.2	+55.8	3610.8	2954.2	Trade in the leaders
Anglo Wiggins	182.2	-17.4	200	178	Profits warnings
Bank of Scotland	286	+17	270.5	191.5	Merger rumours
Cobham	437	+36	443	302	Shareholder distribution
Cornwall	147	+51	168	31	Positive drug trial results
Leeds	575	-27	622	414	Shareholder distribution
Paragon	148	+20	148	70	Agreed offer
Rediffusion	570	+42	470	322	Sector rally
Rolls-Royce	171	+12	194.5	148	£1.2bn engine order
Shell Trans	767.4	+50.4	757.4	687	Company presentation
Tarmac	98	+12	90	85	Asset swap with Wiggins
Unilever	998	+155	875	118	Bidders' shares surge
Wincor (G)	125	+22	138	97	Assets swap with Tarmac
Zeneca	1298	+57	1313	840	Old speculation

Barry Riley

Why the pound needs friends

Yet sterling's plight breeds only widespread indifference



Wanted: campaigner for a firm sterling exchange rate. Must be single-minded, politically independent, and oblivious to claims that inflation is dead for ever. Bank of England need not apply.

The groggy pound sterling hit a new all-time trade-weighted index low on Wednesday this week, having dropped through its previous bottom last May. Islington's gilt-loving friends of the Dordogne are shocked by an exchange rate of a mere 7.5 French francs. No wonder Beaujolais Nouveau is going out of fashion.

In May 1992, the pound was worth almost DM3, but yesterday it dipped below DM2.18, and the 50p D-Mark might not be far away. Over the past 10 years, the pound's trade-weighted value has dropped by an average of 3.1 per cent a year, and by 5.3 per cent against the hard continental currencies. There is absolutely nothing new there because, since the pound was floated almost 25 years ago, the average annual fall against the D-Mark has been 5.4 per cent.

Perhaps the Treasury should be grateful that 10-year gilt-edged yield only 1.4 per cent more than the equivalent German government bonds. On the historical evidence, gilts should yield more like the 9 or 10 per cent available

on government bonds from the likes of Sweden or Spain. It seems odd, on the face of it, that British politicians should be so keen to maintain the separate existence of such a groggy and untrusting currency, refusing to accept that it should ever be merged into the more robust euro. There is a confusing smokescreen of flag-waving nationalism.

Sterling's weakness is the whole point, though. The UK wants a currency that can be relied upon to shelter in value when necessary. That will be true until there is much greater lobbying power from investors and pensioners who stand to suffer from high inflation and low interest rates.

But the City of London this week licked its lips and marked share prices to record levels, encouraged by thoughts of an easy boost for company profits as sterling weakens.

An important reason for there being such widespread indifference to sterling's plight is that the sharp devaluation on the ignominious exit from the ERM - on what was renamed White or Golden Wednesday - did not appear to have serious inflationary consequences.

In the past three years, headline inflation has averaged a mere 2.2 per cent. Moreover, a recent minor scare over retail prices was

moderated on Thursday this week when October's rate of inflation was shown to have dropped sharply back from 3.9 to 3.2 per cent.

Employee earnings growth remains at a lowly 3.4 per cent, so the immediate outlook for inflation remains benign by British standards. But it is worth noting that German

The weakness of the currency could prove the trigger for an inflationary surge...

inflation is slipping below 2 per cent. Sterling's weakness remains a dangerous trigger that could set off an inflationary surge in a year or two.

Although short-term interest rates remain at 6 1/2 per cent, where they have been since February, there are few signs in the financial markets that monetary conditions are tight. The bond and equity markets have been rising and the currency has been weak.

A characteristically blind eye has been turned by the authorities to the acceleration in monetary growth. The narrow money supply M0 has been growing at above the 4 per cent ceiling rate of its

monitoring range for nearly three years.

As for the broad money aggregate M4, year-on-year growth has speeded up rapidly from 4.6 per cent in January to more than 8 per cent now (and next Monday's October figure might show growth very close to the unofficial and unenforced 9 per cent ceiling).

This, however, is not a particularly strong monetary surge by British standards, and is associated with unusual gains on in the bid-crazy corporate sector where money is sloshing around merrily. Previous "blips" in consumer or housing lending have, similarly, been dismissed as temporary and isolated ever since the surge of credit growth that greeted the "Competition and Credit Control" policy change nearly 25 years ago.

It is true that the latest burst of broad money growth is focused on the corporate sector. The immediate effect is only to help fuel some asset price inflation, as there are few signs in the stock market. But, in due course, the liquidity will seep out into the broader economy, creating currency weakness and then inflation.

Historically, the government has never attempted to force the reversal of excess monetary creation. It would be too painful. It will certainly not happen in a pre-election

period. This lack of resolve can be contrasted with the response to the monetary problems in Germany two years ago, when broad money growth reached nearly 20 per cent at one stage, but was tackled head-on and turned negative earlier this year.

The global background could now become difficult for the monetarily irresolute. The Japanese government is pumping out liquidity energetically into the global markets, and the positive impact that I predicted here two weeks ago is becoming obvious on Wall Street and in global bond markets.

An unexpected strength in commodity prices could be the next consequence. Hard currencies will ride up, but others could be vulnerable. At any rate, this week we have had the old combination of weakness in sterling and strength in gilts, which are yielding under 8 per cent at the long end.

For foreigners there seems scant attraction in sterling, given the prospect of a giveaway Budget aimed at stimulating a consumer spending boom which will undermine an already fragile balance of payments.

On top of these fears of fiscal looseness, the prospect that interest rates will also be cut after the Budget is undermining the exchange rate. And, within the UK, nobody really cares.

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